DOCUMENT RESUME

ED 275 618 SO 017 738

AUTHOR	Carwile, John; Zack, David R.
TITLE	Current Issues: Critical Issues Confronting the Nation and the World. 1987 Edition.
INSTITUTION	Close Up Foundation, Arlington, VA.
REPORT NO	ISBN-0-932765-05-X
PUB DATE	86
NOTE	338p.; Photographs may not reproduce clearly.
AVAILABLE FROM	Educational Publications, Close Up Foundation, 1235 Jefferson Davis Highway, Arlington, Virginia 22202 ($8.00).
PUB TYPE	Collected Works - General (020) -- Reference Materials - General (130)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Agriculture; Civil Rights; Crime; Economic Climate; Education; Energy; *Environment; *Foreign Countries; *Foreign Policy; Higher Education; Immigrants; *International Trade; Medical Care Evaluation; *National Defense; Nuclear Technology; *Social Services; World Affairs
IDENTIFIERS	Central America; Middle East; South Africa; USSR

ABSTRACT

This annual publication seeks to inform interested readers about important concerns of currently confronting the United States. An introduction provides: a brief discussion of individuals in the Reagan Administration; a list of the leadership positions and committees in the 100th Congress--the reader must fill in the person for each position; a description of the Supreme Court; and a discussion of the Federal Budget process. Each chapter provides basic background information, identifies key questions, and gives arguments on several sides of the issue. Domestic policy chapters are: The Economy, Education, Civil Rights, Social Programs, Health Care, Immigration, Energy, Environment, Agriculture, and Crime. The foreign policy chapters are: The Soviet Union, Defense, Central America, The Middle East, International Trade, Western Europe, Nuclear Proliferation, World Poverty and U.S. Foreign Aid, South Africa, and China. (BZ)

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Current Issues

1987 Edition

Critical issues confronting the nation and the world

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Patricia Bandy

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Library of Congress Cataloging in Publication Data

Close Up Foundation
Current Issues
1. United States policies and government, 1945 and onward. 2. Periodicals.
JK1.C87 309.1 78-643561
ISBN: 0-932765-05-X AACR1

Printed in the U.S.A.

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Cover photographs, top to bottom: U.S. Department of Agriculture; Les Moore, Uniphoto Picture Agency; Jim Brandenburg, Jeff Zaruba, Folio, Inc.

The Close Up Foundation is a nonprofit, multipartisan organization dedicated to encouraging citizen involvement in government. Throughout the year, the Close Up Foundation runs a Washington seminar program that brings high school students, teachers, and older Americans to the nation's capital for a week-long, onsite learning experience. In the 1986-87 program year, approximately 24,000 people will participate in the CLOSE UP Washington experience.

The Close Up Foundation publishes *Current Issues* for use by participants of the Washington program and others around the country. Televised seminars based on *Current Issues* are produced by the Close Up Foundation and are available through CLOSE UP Video Services. The Foundation also publishes *Perspectives,* a book of original articles written by policymakers about the institutions and processes of modern American government, and *Special Focus* booklets about current public policy issues. Televised programming also accompanies these publications.

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Educational Publications
Close Up Foundation
1235 Jefferson Davis Highway
Arlington, Virginia 22202

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Preface

Perhaps every age seems the most difficult to those who live in it. But it is hard to imagine a time more challenging than our own. For example, putting the economy on a steady course for growth may require hard, short-term sacrifices. What remedies will create long-term growth without seriously disrupting our lives today? How can we stop nuclear proliferation? How can we balance environmental protection with industrial growth? These questions have no easy answers.

Today we are bombarded with an unprecedented amount of information about issues. Unfortunately, most of the information is intended to convince or entertain, not to inform. *Current Issues* takes a different approach. In twenty chapters—ten about domestic issues and ten about foreign policy issues—it seeks to inform interested readers about the important concerns of our time. Each chapter provides basic background information, identifies key questions, and gives arguments on all sides of the issue.

Nothing is more important to our democratic system than informed participation in the political process. It is our hope that *Current Issues* helps inform that participation.

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Names in the Reagan Administration

President

Close Up Foundation

Ronald Reagan, age seventy-five, entered politics after many years as a movie and television actor. Once a liberal Democrat, Reagan became active in Republican politics during the 1964 presidential campaign of Barry Goldwater. In 1966, Reagan was elected governor of California, his first public office, and then was reelected in 1970. After retiring from the governorship, he became a leading speaker for the conservative wing of the Republican party. Reagan lost the 1976 Republican presidential nomination to incumbent President Gerald Ford. After defeating Democratic President Jimmy Carter in 1980, Reagan kept his promises to cut taxes, slow the growth of government, and increase defense spending. His 49-state reelection victory in 1984 was the biggest electoral vote landslide in U.S. history.

Vice President

The White House

George H. Bush, age sixty-two, has been a U.S. representative from Texas, a United Nations ambassador, an envoy to the People's Republic of China, and the director of the Central Intelligence Agency. He advises the president on national security issues, heads the White House Special Situation Group, and travels extensively around the globe to speak with world leaders on behalf of the president.

Cabinet

Secretary of Agriculture

USDA Photo by Byron Schumaker

Richard E. Lyng, age sixty-eight, replaced John Block as Secretary of Agriculture in 1986. A long-time friend of the president, Lyng ran a family seed business in California before becoming director of the California Department of Agriculture when Reagan was governor. Later, Lyng served as the deputy secretary of the Department of Agriculture and as a private consultant to the farming industry. Lyng hopes to make American agriculture more competitive on the world market by boosting farm exports and lowering prices.

Secretary of Commerce

The White House

Malcolm Baldrige, age sixty-four, took a small Connecticut brass factory and turned it into the billion-dollar Scovill, Inc. Baldrige believes that other small American industries also can grow and flourish. To help American business, Baldrige has led battles to cut government regulations and to protect American business from unfair foreign competition.

Secretary of Defense

U.S. News and World Report

Caspar W. Weinberger, age sixty-eight, is a lawyer and former vice president of the Bechtel Group, Inc. He was well known for budget-cutting as chair of the Federal Trade Commission, director of the Office of Management and Budget, and secretary of health, education, and welfare under President Richard Nixon. However, as secretary of defense, Weinberger supports the president's call to strengthen the military and has worked to increase the Pentagon budget.

Secretary of Education

William J. Bennett, age forty-three, replaced Terrel H. Bell in 1985 to become President Reagan's second secretary of education. Bennett, who holds a law degree from Harvard University and a Ph.D. in philosophy from the University of Texas, was chairman of the National

Endowment for the Humanities. He is an outspoken advocate of improving educational quality and revitalizing traditional humanities curricula in schools and colleges. Bennett strongly supports the president's proposals to cut back government loans for college students and to give parents more control over sensitive subject areas taught in public schools, such as politics and values.

Close Up Foundation

Secretary of Energy

John S. Herrington, age forty-seven, is the Reagan administration's third secretary of energy, taking over the position from Donald Hodel in 1985. Known as a skilled organizer and a trusted troubleshooter for the president, Herrington has served twice as the White House personnel director and also served as the assistant secretary of the navy for personnel.

Department of Energy

Secretary of Health and Human Services

Otis R. Bowen, M.D., age sixty-eight, is a doctor turned politician. Bowen left his 25-year family practice in Indiana to become a state representative, eventually serving as governor of Indiana for two terms from 1973 to 1981. Bowen was a professor at Indiana University

President Reagan and his cabinet listen to a briefing by White House Director of Communications Patrick Buchanan.

Pete Souza/The White House

The White House

when the President asked him to replace Margaret Heckler as the secretary of health and human services in 1986. Dr. Bowen's main priorities will be to fill top-level vacancies at the Department of Health and Human Services and to improve the department's strained relations with Congress.

Secretary of Housing and Urban Development

The White House

Samuel R. Pierce, Jr., age sixty-four, was a senior partner of a major New York law firm and a former justice of the New York Supreme Court. He was the first black person to serve as assistant to the undersecretary of labor and was also appointed general counsel to the Department of the Treasury by President Richard Nixon. Pierce successfully fought to save Urban Development Action Grants from elimination and advocates tax-exempt urban development zones and housing vouchers for the poor.

Secretary of the Interior

The White House

Donald P. Hodel, age fifty-one, left his post as secretary of energy to become secretary of the interior in 1985. A former lawyer from Oregon, Hodel was the undersecretary of the interior before serving in the Department of Energy. He is known as a solid administrator. Although he worked well with environmental groups at the Department of Energy, Hodel has supported President Reagan's pro-development agenda at the Department of the Interior.

Secretary of Labor

Close Up Foundation

William E. Brock III, age fifty-six, was U.S. trade negotiator from 1981 until 1985, when he assumed control of the Department of Labor. Prior to joining the Reagan administration, Brock served his native state of Tennessee as a U.S. representative from 1963 to 1971 and as a U.S. senator from 1971 to 1977. From 1977 to 1981, he chaired the Republican National Committee. Brock's primary goals are to rebuild the administration's ties to labor and to attack the problem of youth unemployment.

Secretary of State

The White House

George P. Shultz, age sixty-six, was a leading figure in the Nixon administration, serving as secretary of labor, director of the Office of Management and Budget, and secretary of the treasury. More recently, he served as president of the Bechtel Group, Inc., an engineering company with business around the world. Shultz has been credited with helping to ease tensions between the United States and the Soviet Union and with shaping the administration's anti-terrorist policy.

Secretary of Transportation

The White House

Elizabeth Dole, age fifty, replaced Drew Lewis as secretary of transportation after he resigned in 1982. A lawyer and the wife of Senator Robert Dole, she was an assistant to the president, responsible for meeting with special interest groups. During the Nixon and Ford administrations she served on the Federal Trade Commission. Dole has made the improvement of highway and air safety a top priority and has also become the administration's in-house advocate of women's issues.

Secretary of the Treasury

The White House

James A. Baker III, age fifty-six, was President Reagan's chief of staff during the president's first term and was considered one of the most powerful persons in Washington. In 1985, he was appointed secretary of the treasury. Baker is noted for his ability to work with Congress and is given much of the credit for the passage of the president's controversial 1981 tax cut proposal.

Attorney General

The White House

Edwin Meese III, age fifty-five, replaced William French Smith as attorney general in 1985. A former San Diego County prosecutor and law professor, Meese has had a long association with President Reagan. Meese was Reagan's chief of staff during Reagan's two terms as governor of California and throughout his presidential campaign. After the 1980 election, Meese served as one of Reagan's chief counselors in the White House, supervising the Cabinet and the domestic policy staff. Meese is expected to continue Smith's assault on narcotics and organized crime.

Key Presidential Advisors

White House Chief of Staff

The White House

Donald T. Regan, age sixty-eight, was secretary of the treasury during President Reagan's first term in office. Regan was known as an eloquent speaker for the administration's economic policies. With his experience as the chair of Merrill Lynch and Co., the largest brokerage firm in the nation, and as director of the New York Stock Exchange, Regan has brought a corporate-style management to the White House staff. As chief of staff, Regan serves as the president's foremost advisor.

Director of Communications

The White House

Patrick J. Buchanan, age forty-eight, took on the new position of director of communications for the White House in 1985. Buchanan had worked as a speech writer for President Nixon and was a well-known newspaper columnist. Buchanan oversees the administration's long-term communications strategy, supervises the president's out-of-town speeches and media coverage, and manages the Office of Public Liaison. With his conservative ideology and political experience, Buchanan is considered to be an influential advisor to the president.

National Security Advisor

The White House

John Poindexter, age fifty, replaced Robert McFarlane in 1985 to become President Reagan's fourth national security advisor. A career naval officer, Poindexter graduated first in his class from the United States Naval Academy and went on to earn a Ph.D. in nuclear physics from the California Institute of Technology and to become an admiral in the navy. He came to the National Security Council staff in 1981, and served as McFarlane's deputy in charge of crisis management from 1983 to 1985. In that capacity, Poindexter was involved in handling U.S. response to terrorist attacks around the world.

Director of the Central Intelligence Agency
William J. Casey, age seventy-three, formerly chaired the Securities and Exchange Commission, served as undersecretary of state for economic affairs, and was president of the Export-Import Bank. He also served as London chief of the Office of Strategic Services. Casey has worked to improve morale at the Central Intelligence Agency and to strengthen its credibility both on Capitol Hill and throughout the nation.

The White House

Director of the Office of Management and Budget
James C. Miller III, age forty-four, replaced David Stockman as director of the Office of Management and Budget (OMB) in 1985. Miller, an economist, served on the Council of Economic Advisors and the Council on Wage and Price Stability during the Nixon and Ford administrations. Before moving to OMB, he was the chairman of the Federal Trade Commission. Miller is expected to continue President Reagan's goal of cutting government spending to reduce the federal deficit.

The White House

Ambassador to the United Nations
Vernon A. Walters, age sixty-nine, succeeded Jeane J. Kirkpatrick as ambassador to the United Nations in 1985. Walters, a retired army lieutenant general, has forty-four years of government service including his most recent role as the State Department's chief diplomatic troubleshooter and as former deputy director of the Central Intelligence Agency. Known as a gifted linguist and fluent in eight languages, Walters has undertaken secret diplomatic missions for five presidents. Walters estimates that he has traveled more than 1 million miles and visited more than 100 countries on behalf of the United States.

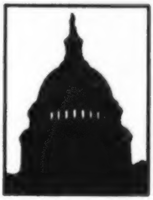
Department of State

World Affairs Council of Washington, D.C

United States Trade Representative

Clayton K. Yeutter, age fifty-six, replaced William Brock as U.S. Trade Representative in 1985. Yeutter is a lawyer and former farmer and cattle rancher from Nebraska and holds a Ph.D. in agricultural economics. From 1978 until 1985, he served as president of the Chicago Mercantile Exchange. Yeutter's experience in agricultural trade is expected to be an important asset in helping to increase U.S. exports.

One-hundredth Congress



The Ninety-ninth Congress found the Republicans in control of the Senate and the Democrats in control of the House of Representatives. With the opposing parties in command of each house, the Ninety-ninth Congress was marked by many partisan conflicts. Members of both houses had to compromise on most issues or settle for no legislation at all. Many bills needing bipartisan efforts to secure passage—including U.S. aid to anti-communist rebels in Central America, increases in defense spending, and tax reform—were defeated or delayed by a deadlocked Congress.

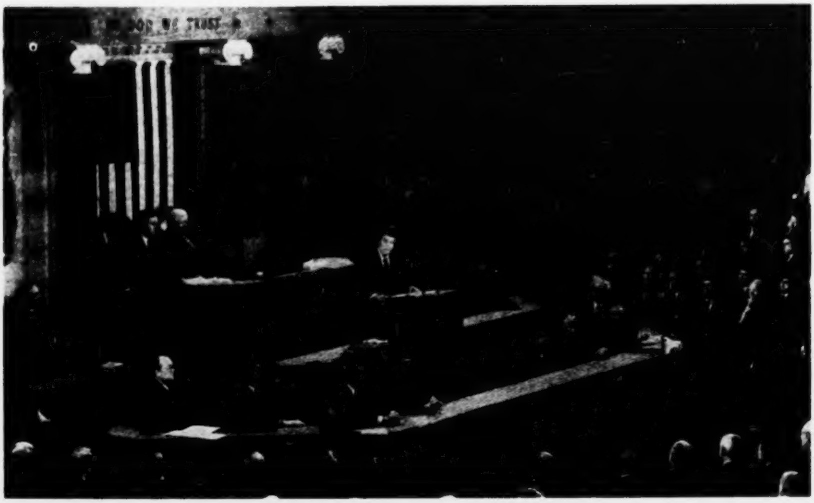
Despite difficulties, the Ninety-ninth Congress did produce some major legislation:

- 1985 Farm Security Act established a five-year agricultural plan to help the nation's farmers compete more successfully in world markets.
- Firearms Owners Protection Act eased registration requirements for gun owners and firearm dealers.
- Broadcasting of Senate Proceedings Resolution allowed cable stations to begin to televise proceedings from the Senate floor.

But perhaps the most controversial legislation passed by the Ninety-ninth Congress was the Balanced Budget and Emergency Deficit Control Act (also known as Gramm-Rudman-Hollings). Through automatic budget cuts, the bill is designed to reduce the federal budget deficit to zero by 1991. However, some members of Congress immediately challenged the constitutionality of the bill's provisions and took the case to the Supreme Court.

In November 1986, one-third of the Senate and the entire House of Representatives will be up for reelection. When the One-hundredth Congress convenes in January 1987, the members will face a complex legislative agenda. Major issues will include tax increases, balancing the federal budget, protectionist measures, immigration reform, and funding for the Strategic Defense Initiative ("Star Wars").

The House and Senate in a joint session of Congress to hear President Reagan.



Bill Fitz-Patrick/The White House

Who's Who in the One-hundredth Congress?

Each session of Congress brings change in the leadership of both the Senate and the House of Representatives. Competition for committee assignments is intense. Both parties want to place their members in powerful committee chairs so that they have better control over the legislative process. Who's who in the One-hundredth Congress? See if you can find out, and fill in the name of the senator or representative, party affiliation, and state for each of the key positions listed below.

Senate

President *Pro Tempore*

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture, Nutrition, and Forestry

Appropriations

Armed Services

Budget

Energy and Natural Resources

Environment and Public Works

Foreign Relations

Intelligence

Judiciary

Rules and Administration

House of Representatives

Speaker of the House

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture

Appropriations

Armed Services

Budget

Education and Labor

Energy and Commerce

Foreign Affairs

Intelligence

Judiciary

Rules

The Supreme Court

The U.S. Congress makes the laws, and the executive branch enforces them. But the Supreme Court is the ultimate authority on interpreting the law and the Constitution. It is ironic that the responsibility of defining American democracy belongs to nine individuals who, unlike the president and members of Congress, are not elected. Instead, Supreme Court justices are appointed by the president with the approval of the Senate, and they serve until they resign or die.

The Supreme Court has played a major role in American political and social history, especially in the last thirty years. During the 1950s and 1960s, the Court, headed by Chief Justice Earl Warren, made sweeping changes. It ordered an end to racial segregation in schools, instituted procedures to protect the civil rights of people accused of crimes, banned organized prayer in public school classrooms, and said that electoral districts for state and federal offices had to be apportioned according to the principle of "one person, one vote."

The general trend of the present Court, now headed by Chief Justice Warren Burger, has been to challenge the decisions of the Warren Court. On many civil liberties issues, the Burger Court has stood in sharp contrast to the Warren Court. Whereas the Warren Court emphasized the protection of the civil liberties of minorities, the Burger Court has frequently held that remedies used to protect the rights of minorities should not at the same time infringe on the rights of others. For example, the Supreme Court under Burger held that affirmative action quotas cause reverse discrimination by giving job preference to minorities. The Court also held that the First Amendment bar against state-established religion should not prevent religious groups from erecting nativity scenes on public land.

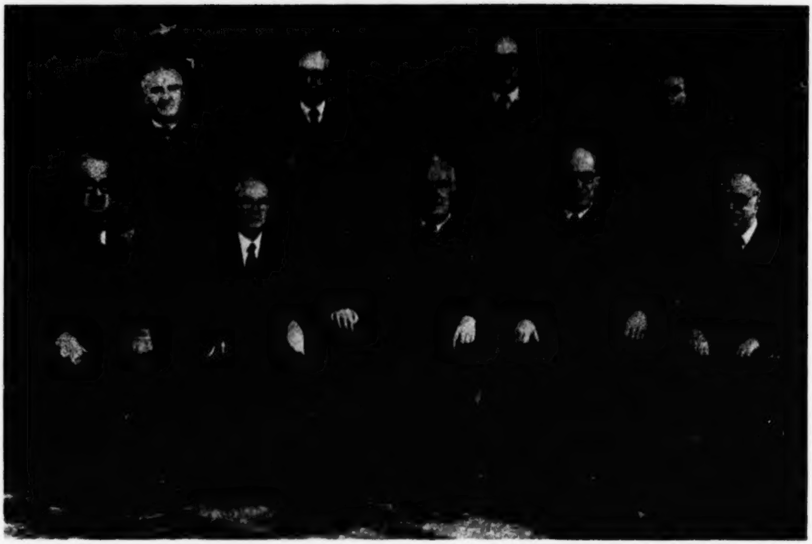
The Burger and Warren Courts also differ in the area of criminal law. Whereas the Warren Court established strict procedures for police to ensure that the rights of those accused of crimes were not violated, the Burger Court has permitted minor, unintentional violations of constitutional liberties to prevent guilty defendants from going free. In the interest of keeping public schools free of crime and disorder, the Burger Court ruled in 1985 that teachers and principals may search students' possessions, needing only a "reasonable suspicion" that they would find evidence of behavior violating the law or school rules.

However, the Burger Court has made important and controversial decisions on which the Warren Court might have agreed. For example, the Burger Court barred police from using deadly force to stop unarmed, fleeing felons, struck down state and federal laws that dis-

The Supreme Court

Justice	Age	Appointed By	Year Appointed
Warren E. Burger*	79	Nixon	1969
William J. Brennan, Jr.	80	Eisenhower	1956
Byron R. White	69	Kennedy	1962
Thurgood Marshall	78	Johnson	1967
Harry A. Blackmun	78	Nixon	1970
Lewis F. Powell, Jr.	79	Nixon	1972
William H. Rehnquist	62	Nixon	1972
John Paul Stevens	66	Ford	1975
Sandra Day O'Connor	56	Reagan	1981

*Chief Justice, as of July 1986



Supreme Court Historical Society

The 1986 Supreme Court, from left to right: Thurgood Marshall, John Paul Stevens, William J. Brennan, Jr., Lewis F. Powell, Jr., Warren E. Burger, William H. Rehnquist, Byron R. White, Sandra Day O'Connor, and Harry A. Blackmun.

criminated against women, granted women the right to have abortions, and defied President Richard Nixon by ordering that the president turn over information needed in a criminal trial. This last decision led to President Nixon's resignation.

The controversy surrounding the decisions of the Burger Court is likely to continue. Future cases to be decided by the Supreme Court will involve whether religious groups have the right to use public school facilities after school, whether possible biases exist in the jury selection process, and whether affirmative action quotas discriminate against white employees.

Many observers expect the Supreme Court to become more conservative by the end of President Ronald Reagan's second term. With the retirement of Chief Justice Warren Burger in July 1986, President Reagan will nominate a conservative judge to take Burger's place. Should another justice retire or die in the next two years, President Reagan would again have an opportunity to influence the political direction of the Court well into the twenty-first century.

The Making of the Federal Budget

Each year, Congress must work out a budget of expenses and anticipated revenues for the federal government. Decisions have to be made about how much money will be spent on defense, health care, foreign aid, and thousands of other federal programs. Congress must also decide how much tax revenue is needed to support these programs, how much the government can expect to receive, and whether changes in the tax code are necessary.

Executive Branch Budget-Making. The executive branch and Congress share responsibility for the budget. The Office of Management and Budget (OMB) is responsible for drawing up the executive branch's budget for the upcoming fiscal year. The director of OMB reports directly to the president. The president relies on the director to track government spending and revenues and to establish a budget based on the priorities of the administration.

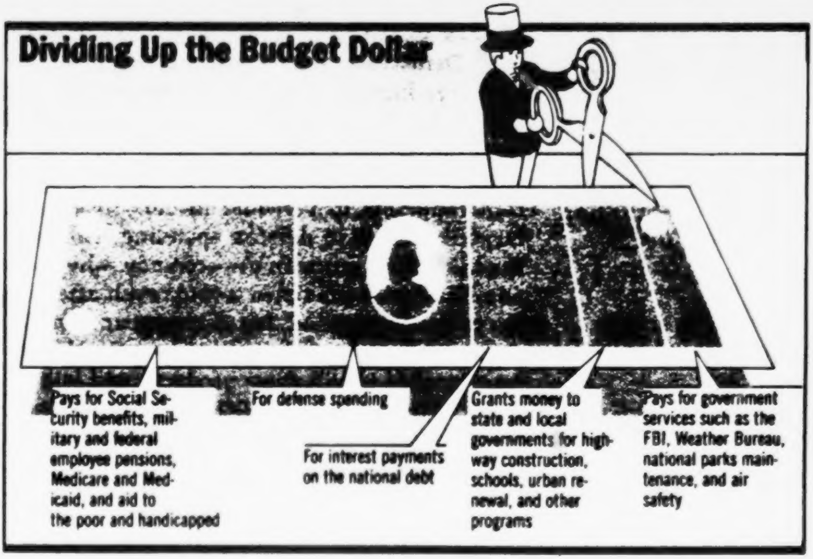
The priorities of the Reagan administration include a stronger defense, a simplified tax system, and decreasing the role of the federal government in the lives of citizens. OMB Director James C. Miller implements those policies by submitting budgets that reduce spending on domestic programs such as transportation and education and increase spending for defense.

OMB achieves the goals of the administration by analyzing the proposed budgets of every federal agency. Each year, OMB asks government agencies to estimate the costs of their programs over the next five fiscal years. (A fiscal year begins on October 1 and ends on September 30.) OMB then revises agency budgets to conform with overall administration policy and budgeting goals. The administration's budget for the next fiscal year must be finalized by January 3 so that the president can submit it to Congress by the first Monday it is in session.

The Congressional Budget Process. The role of Congress in the budget process is crucial since no government agency or program can operate without receiving approval and funding from Congress. Congress grants approval by passing an *authorization*. A typical authorization states the goals for a program, the requirements and limitations that Congress feels are necessary, and the amount that the agency is authorized to spend for the program. However, the authorization does not give the government the money to spend. Instead, Congress must approve for each agency a separate *appropriation* bill, which gives the agency the money to spend.

Congress is also responsible for raising the money for the government. Congress can create new taxes, raise the rate of old taxes, or authorize the Department of the Treasury to borrow money to make up the difference between revenue raised and money spent.

Authorization, appropriation, and revenue-raising legislation are usually considered separately by Congress. For many years, that made it difficult for legislators to keep track of the total amount they were spending. In 1974, Congress added an additional step to the budget-making process. Now Congress must approve a *joint budget resolution* before any money can be spent. This resolution sets guidelines for how much the government can spend in any area and predicts how much revenue the government will receive in taxes. Later in the year, Congress passes a *second budget resolution* that reflects changes in the economy and in expected revenue. If appropriations bills already passed by Congress exceed the new lim-



Dividing Up the Budget Dollar

Pays for Social Security benefits, military and federal employee pensions, Medicare and Medicaid, and aid to the poor and handicapped
For defense spending
For interest payments on the national debt
Grants money to state and local governments for highway construction, schools, urban renewal, and other programs
Pays for government services such as the FBI, Weather Bureau, national parks maintenance, and air safety

Source: Office of Management and Budget

its, Congress uses a *reconciliation* bill to bring spending within the limits set by the second budget resolution.

The Reagan Budgets. For thirty years before President Ronald Reagan was elected, Congress increased spending on domestic programs that were designed to relieve the effects of poverty, improve transportation, and clean up the environment. Measured in constant dollars that eliminate the distortion of inflation, domestic spending doubled from 1954 to 1961, doubled again by 1971, and nearly doubled again by 1981. During this same period, constant spending for defense declined 25 percent.

In 1981, President Reagan vowed to slow the growth of domestic spending to reduce reliance on federal assistance and to stimulate the economy with large tax cuts. The Reagan administration believed that a combination of cuts in domestic spending and a stimulated economy would result in a balanced budget within four years. Many members of Congress, primarily Democrats, attacked the president's plan. They argued that the budget cuts would take from the poor, while the tax cuts would give the savings to the rich. Any benefits to the economy, Democrats said, would be wiped out by the large increases in defense spending.

Despite its reservations, Congress passed most of Reagan's proposals, including cuts in many domestic spending programs, a 25-percent reduction in personal income taxes, and large increases in defense spending. However, the immediate surge in the economy, which the administration predicted would result after the tax cuts were enacted, failed to appear. Instead, the economy entered a recession. Companies were unable to sell their products and laid off many of their workers. With people out of work and corporate profits down, the government took in far less tax revenue than expected, de-

The Budget Process for Fiscal Year 1988

Spring 1986
Office of Management and Budget (OMB) assigns government agencies a maximum amount for their budget proposals.

Summer 1986
Agencies submit their proposed budgets to OMB. Agency directors meet with OMB executives and the president's staff to justify proposed spending and to finalize budget.

January 1987
The president submits his budget proposal to Congress on the first Monday after January 3.

February 15, 1987
Congressional committees submit program estimates to budget committees.

April 15, 1987
Budget committees report the first budget resolution. The resolution sets targets for government spending by Congress.

May 15, 1987
Committees report authorization bills; Congress completes action on first budget resolution. Neither house may consider authorization or spending bills nor changes in tax revenues or the national debt until the first budget resolution is adopted.

May-August 1987
Congress completes action on all budget and spending bills.

September 15, 1987
Congress completes action on a reconciliation bill to bring the budget in line with spending bills. Congress may not adjourn until it completes action on these measures.

October 1, 1987
Fiscal year 1988 begins.

mand for social welfare services and unemployment benefits increased, and, as a result, the budget deficit quickly grew to unheard of proportions. In 1982, the budget deficit topped $110 billion for the first time ever. In 1986, it nearly doubled, reaching $203 billion. This situation is not easily reversible. The Congressional Budget Office estimates that if no reductions are made in spending or if taxes are not increased, the budget deficit will reach $300 billion by 1989.

The options available to the president and Congress for reducing the budget deficit are limited. Of the $979 billion being spent in fiscal year 1986, 41 cents of every dollar goes for cash payments to individuals in forms such as social security benefits, military pensions, or aid to the handicapped. Cutting that category of spending would adversely affect 39 million households—47 percent of the population.

The next 28 cents goes to the Pentagon for day-to-day operations, training, and the purchase of new weapons and spare parts. From 1980 through 1986, defense spending had increased 50 percent above the rate of inflation. Many members of Congress believe that defense spending should be trimmed. However, much of the money to be spent in 1987 and 1988 will pay for the completion of ships, tanks, and aircraft ordered in previous years. A drastic cut in this year's defense budget probably would not have any budgetary impact for several years.

Fifteen cents of every dollar is virtually uncontrollable. It pays the interest on the national debt, which now exceeds $2.1 trillion. Interest payments will not decrease until the government reduces the annual deficit. Essential government services such as the weather bureau, the Federal Bureau of Investigation, and air safety cost 6 cents of every budget dollar. Many of these costs have already been pared, and budget experts agree that more cuts would limit the government's ability to provide these services smoothly and safely.

BUDGET
1987

Although it contains over two thousand pages and weighs nearly seven pounds, the president's budget is one of the most popular pieces of literature in Washington. On the day that it is published, people wait in line for hours to get a copy.

The Federal Budget

In May 1986, President Reagan, after conferring with Senate leaders, sent a revised fiscal year (FY) 1987 budget to Congress. The budget also includes spending estimates for fiscal years 1988 and 1989.

(outlays in billions of dollars)

	FY87	**FY88**	**FY89**
National Defense	$ 282.2	$ 299.1	$ 322.3
International Affairs	**18.6**	**18.3**	**18.0**
General Science, Space, and Technology	9.2	9.3	10.2
Energy	**4.0**	**4.5**	**3.9**
Natural Resources and Environment	12.0	11.8	11.7
Agriculture	**19.5**	**19.7**	**18.9**
Commerce and Housing Credit	1.4	3.8	−0.5
Transportation	**25.5**	**24.1**	**23.4**
Community and Regional Development	6.5	5.5	5.0
Education, Training, Employment, and Social Services	**27.4**	**26.3**	**26.4**
Health	35.0	36.7	37.9
Medical Insurance	**70.2**	**76.0**	**83.0**
Income Security	118.4	123.1	125.7
Social Security	**212.2**	**226.1**	**239.9**
Veterans, Benefits	26.4	26.9	26.9
Courts and Law Enforcement	**6.9**	**7.0**	**7.1**
General Government (Congress, Treasury Department, and Government Services Administration)	6.1	5.7	6.1
Payments to State and Local Governments	**1.7**	**1.8**	**1.9**
Net Interest	148.0	145.1	136.0
Reserve Fund (for future raises for government employees)	**−0.8**	**−2.4**	**−3.5**
Income Earned From Leasing or Sale of Government Assets	−38.1	−46.4	−43.8
Totals			
Budget Outlays*	$ 994.0	$1,026.8	$1,063.6
Revenues	850.4	933.2	996.1
Deficit	$ − 143.6	$ − 93.6	$ − 67.5
Total Public Debt	$1,855.7	$1,948.7	$2,015.4

*Note: Discrepancies may occur due to rounding of budget figures.

The remaining 10 cents funds state and local highway construction, schools, urban renewal, and other programs, and may be a target for cuts. However, the amount of money that could be saved in this category would not dent the overall national debt.

Two options are available to reduce the federal budget deficit. One option is to increase taxes. President Reagan is firmly opposed to large increases in taxes. He believes that tax increases hamper economic growth by taking money away from individuals and by making businesses spend a larger share of their profits for taxes instead of investments to improve and expand their companies. A second option to reduce the federal deficit is to reduce government spending. Over the last decade, Congress has considered a number of spending reduction plans, including a constitutional amendment that would require the federal budget to be balanced. Recently, Congress passed the Balanced Budget and Emergency Deficit Control Act (also called Gramm-Rudman-Hollings, for the bill's primary sponsors), which would require the federal government to reduce the deficit to zero by 1991. Some members of Congress immediately challenged the constitutionality of the bill and took the case before the Supreme Court. If the court rules that the provisions of the bill are unconstitutional, Congress will have to find other ways to reduce government spending. But if the Court rules in favor of the bill, automatic budget cuts will go into effect immediately with no congressional debate.

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The Economy

The state of the economy dominated the 1980 presidential election. Prices were rising at a fast clip. Interest rates for borrowing money were approaching an all-time high. Unemployment was also high. The American people had lost confidence in the policies of President Jimmy Carter and elected Ronald Reagan by a landslide.

Soon after his election, President Reagan proposed a plan to balance the federal budget and stimulate strong economic growth. Under his program, taxes and government spending would be cut, creating incentives for the American people to work harder and earn more money. This would lead to more savings and investment, higher productivity, and reduced inflation.

Congress approved Reagan's program by passing the largest cuts in both spending and taxes in American history. Congress slashed projected federal spending for fiscal year 1982 by $35 billion. It also reduced corporate and individual income taxes by $38 billion.

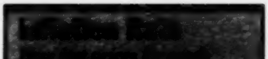
Two years later, the economy rebounded. President Reagan said that his policies had finally broken the back of inflation and set the stage for recovery. But since then, some economists have worried that the president's policies may have planted the seeds for future problems. During Reagan's first term, the federal budget deficit more than doubled, and the national debt climbed to more than $2 trillion. The economists worry that the deficit might eventually lead to high inflation and interest rates. That would raise the price of goods for everyone and limit the ability of people to buy high-priced items such as homes or cars. Such an occurrence could be disastrous.

Key Questions

- Should the government increase taxes to reduce the federal budget deficit?
- Does the United States need a long-term industrial policy?
- What percentage of unemployment is acceptable in our society?
- Why is the United States called the "engine of growth" for the rest of the world?

Background

Complex Problems



Sources: Department of Labor and Statistical Abstract of the United States 1985

The rate of inflation measures how fast prices for goods and services increase. Unless accompanied by a comparable rise in wages, inflation lowers a person's standard of living.

Inflation. Simply stated, inflation is a continuing rise in prices for goods or services. The higher the rate of inflation, the faster prices rise. During the last twenty years, prices have increased an average of more than 6 percent a year. As a result, a dollar buys less than it once did. Today, it costs more than 3 dollars to buy the same amount of goods or services as 1 dollar bought in 1967. (Some economists believe that a low rate of inflation—around 2 percent—is healthy because it spurs economic growth.)

Unless accompanied by a comparable rise in wages, inflation lowers a family's standard of living. Inflation particularly hurts people living on fixed incomes. A high rate of inflation also encourages people to buy on credit and to forego saving money. Why save money when it will buy less later? The economy suffers when people do not save money. With reduced savings, less money is available for loans for investment in new homes, businesses, and industrial equipment.

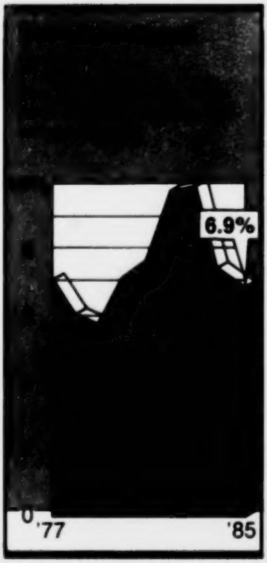
The government has tried different ways to hold down inflation. During the early 1970s, President Richard Nixon established wage and price controls. But prices began to climb when the controls were lifted. By 1980, following two large increases in the price of oil, the inflation rate was more than 12 percent. The Federal Reserve System—which controls the amount of money circulating in our economy—then *tightened,* or reduced, the money supply. Because less money was available for loans, interest rates (the price one must pay to borrow money) soared, and consumer spending declined. Although tightening the money supply lowered the inflation rate to less than 4 percent, the decline in spending increased unemployment and helped create a severe *recession,* or slowdown in the economy, during 1981 and 1982.

The drop in inflation eventually led to an economic recovery beginning in 1983. During the recovery, inflation remained low, falling to its lowest point in twenty years. Some economists say that a drop in oil prices has helped the economy recover. (From November 1985 to March 1986, oil prices dropped from 28 dollars a barrel to less than 13 dollars.) Economists believe that if oil remains cheap, inflation will remain in check for the forseeable future.

Unemployment. The rate of unemployment refers to the percentage of people who want to work but cannot find jobs. Because there are always people between jobs, the unemployment rate is never zero. According to many economists, the economy has *full employment* when only 4 percent of the employable population is looking for work.

In the late 1970s, the unemployment rate hovered between 6 and 7 percent. But by 1982, 9 percent of the work force was unemployed—the highest rate since World War II. The actual rate may have been higher because many unemployed workers gave up looking for work and were not counted in government statistics. The increase in unemployment resulted from the 1981-82 recession. When the economy began to recover in 1983, many people went back to work, and unemployment fell to 7 percent.

Unemployment hits some groups harder than others—blacks more than whites, females more than males, and teenagers twice as much as adults. Black teenagers have the highest unemployment rate in the country; in some communities as many as 50 percent are without work. Unemployment also is particularly hard on older workers who have spent their lives working in heavy manufacturing, such as steel or automobiles. Many of these jobs are not expected to reopen because some factories moved to developing countries where workers are paid lower salaries, and others closed permanently because they were losing money. In 1979, the steel industry employed 400,000



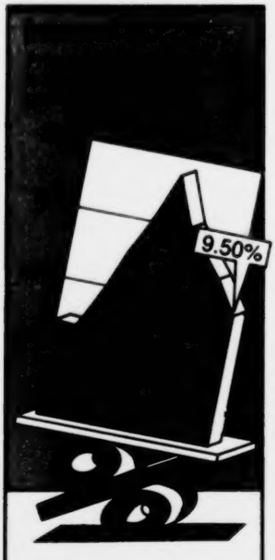
Source: Department of Commerce and Statistical Abstract of the United States: 1985

The rate of unemployment measures the percentage of the civilian labor force who want to work, but cannot find jobs. Many economists believe that the economy is at "full employment" when unemployment reaches 4 percent because some people are always moving from one job to another.

workers; in 1986, the figure had dropped to 200,000.

Unemployment also affects the government. When more people are out of work, the government takes in fewer taxes and pays out more in unemployment benefits. High unemployment during the early 1980s was partly responsible for the rising federal budget deficit.

In times of high unemployment, the government uses different policies to create new jobs. During the 1930s, the Roosevelt administration hired millions of Americans to do public works projects, such as planting forests, draining swamps, laying electric lines in rural areas, and constructing public buildings, bridges, and dams. During the recession of 1981-82, the Reagan administration kept federal spending at a high level. The spending helped get the economy rolling again, which in turn led to a drop in unemployment. Although federal spending can increase employment, the cost can be high if inflation also climbs.



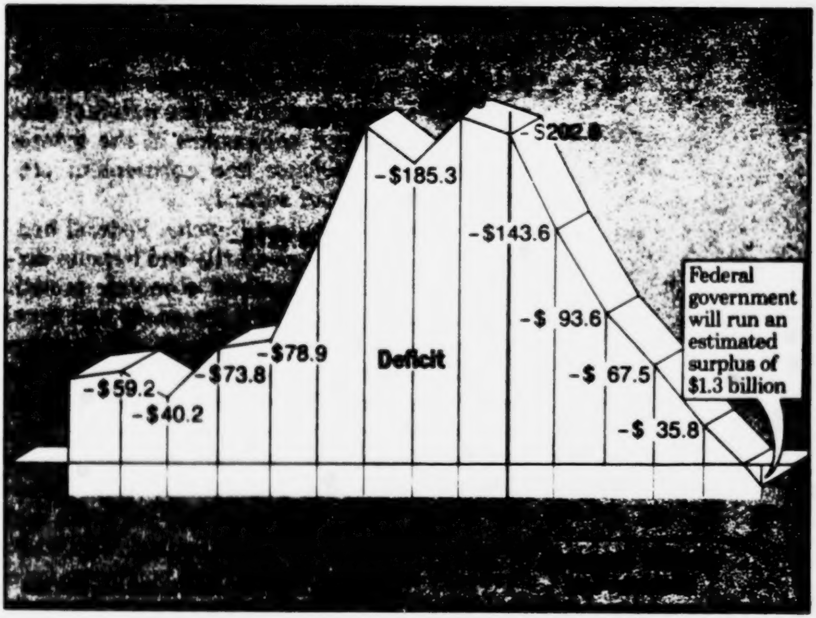
*Interest rates are the percentage of a loan that a customer must pay in order to borrow money.

Source: Federal Reserve Board

Interest rates are the percentage of a loan that a customer must pay in order to borrow money. When interest rates are high, investment in housing, automobiles, and industrial equipment declines. Low interest rates often spur investment and lead to economic growth.

Many people believe that the government should encourage the creation of permanent jobs in the private sector. Economists say this can be done by increasing the money supply, lowering the minimum wage that employers must pay workers, or lowering taxes. But each of these proposals carries risks. Increasing the money supply could increase inflation. Lowering the minimum wage (presently $3.35 an hour) would create jobs by saving employers money on wages—money that could be used to hire additional workers. However, a lower minimum wage might increase the problems of the "working poor"—those who have jobs but earn incomes below the poverty line. Lowering taxes—one approach used by the Reagan administration to stimulate economic growth and employment—increases the federal budget deficit unless the government reduces its spending by an equal amount.

Large Budget Deficits. Our government will spend approximately $980 billion during fiscal year 1986 (which began in October 1985), and



Source: Office of Management and Budget

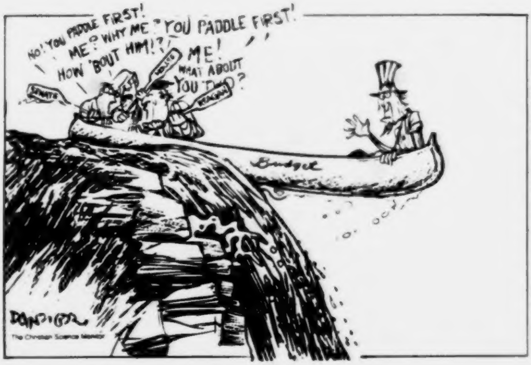
The budget deficit is the amount of money the federal government must borrow to pay for its programs. To cut the deficit, policymakers have considered tax increases, spending cuts, and a constitutional amendment requiring a balanced budget.

expects to collect approximately $777 billion in taxes and other revenues. The difference between expenditures and revenues, approximately $203 billion, is the expected deficit for fiscal year 1986, one of the largest budget deficits in American history.

During the last five years, the annual budget deficit has grown exceptionally large because: (1) during the recession, individuals and companies earned less and consequently paid less in taxes; (2) overall government spending has not decreased, primarily because increases in defense spending have offset cuts in domestic spending; and (3) President Reagan's economic program reduced taxes 25 percent over a three-year period, beginning in 1981.

Because the government spends more money than it receives in taxes, it must borrow money to cover the deficit and to pay interest on money borrowed in previous years. In 1986, the total federal debt—the accumulation of all annual budget deficits—climbed to more than $2 trillion, and the government paid the holders of this debt—mostly individuals, banks, and corporations—more than $140 billion in interest payments alone. Payment on the national debt is the third largest component of the federal budget, behind defense and entitlement programs such as social security.

The Effects of Budget Deficits. Federal budget deficits are not necessarily bad because deficit spending can stimulate economic growth by creating demand for more goods and services. Increased demand for goods and services puts people back to work. However, when the economy is operating at near capacity, budget deficits can have the opposite effect, stifling economic growth and increasing inflation. This happens because the Department of the Treasury must take out loans to pay its debts and keep the government operating. The U.S. Treasury competes with private borrowers for a limited amount of money. Once the government has the money it needs, less money is available for other loans. The shortage of loanable money drives up interest rates, making loans too expensive for many people and small businesses. As a result, spending for automobiles, home construction, factory modernization, and the start-up of new businesses, which all rely heavily on loans, can decline dramatically and increase unemployment.



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Options to Reduce the Deficit. The president and Congress are considering ways to reduce the deficit. They must either reduce spending, increase taxes, or do both. Less government spending could lead to cutbacks in government services that society and the economy rely on, such as social security, defense, and subsidies to state and local governments. Raising taxes would take money out of consumers' pockets and reduce investment, which might cause another recession.

In recent years, many members of Congress have become concerned about the federal deficit. They have debated a number of proposals to reduce the deficit, including higher taxes and a constitutional amendment requiring a balanced budget. In 1985, Congress passed the Emergency Deficit Control Act (also known as Gramm-Rudman-Hollings). This legislation would force Congress to cut government spending and create a balanced budget by 1991. The act has come under intense fire from some lawmakers who fear it could damage important government programs, such as aid to the poor, and could weaken the nation's military.

Productivity. Many economists blame the 1981-82 recession on low productivity. Productivity is the amount of goods produced per person per hour. A rising rate of productivity usually leads to higher wages, higher profits, and lower prices. Historically, new, more efficient machinery and technological advances have enabled American workers to produce more with the same amount of effort. But during the 1960s and 1970s, productivity in many foreign countries—particularly Japan—increased to a level equal to or above that of the United States. Because their products were often cheaper than those made in the United States, they sold better. Since that time, the problem has gotten worse. From 1980 to 1985, productivity in the United States rose 6 percent; while in West Germany, it climbed by 10 percent; and in Japan, it jumped 16 percent.

The increasing productivity of foreign competitors continues to challenge many American manufacturers. Companies either have to

The Rising Price of the American Dream

Part of the "American Dream" is to own a house, but in the last forty years, owning a home has become increasingly difficult. According to the Urban Institute, the average portion of a thirty-year-old's salary spent on a home mortgage has grown dramatically since 1949.

Year	Percent of Income
1949	14%
1959	10
1973	21
1983	44

spend millions of dollars to modernize their factories or give up manufacturing in the United States altogether. Some manufacturers rise to the challenge and improve their productivity. Others become discouraged by: (1) high interest rates that make borrowing money for modernization too expensive, (2) government regulations that require safety and antipollution devices on new machinery, and (3) high wages for American workers. These manufacturers either close their factories permanently or move their operations to developing countries where wages are far below those in the United States.

Uniphoto/H Edelman

During the last decade, the United States has moved from a manufacturing economy to a service economy. Many so-called "heavy industries," such as steel, have been especially hard hit by foreign manufacturers who are able to produce goods at lower costs.

International Interdependence. Because the United States is the world's largest exporter and importer, our economy is the "engine of growth" for rest of the world. For example, Americans buy a large number of foreign goods, including food, clothing, and automobiles, which creates jobs overseas and keeps people employed. But the health of our economy also depends on the health of the international economy. For example, one out of eight American jobs is connected in some way with producing and exporting an assortment of items from food to computer software. During the 1980s, many Americans lost their jobs because sales of U.S.-made products declined overseas. Many American manufacturers laid off workers when their export sales dropped.

Ironically, the United States helped create the conditions that caused its exports to decline. The economies of many nations, especially in developing nations, rely on the United States as a market for their exports and on American banks to finance their industrial development. Two things happened that forced developing countries to cut back their imports of American (and other) goods. The first was the 1981-82 recession in the United States. As American consumers cut corners to get their families through unemployment and lost wages, they reduced their purchases of many nonnecessities, including products imported from developing countries. With reduced sales in the United States, many businesses in developing countries also went through a recession, causing high unemployment, reduced wages, and less demand for American goods.

The second event was the increase in U.S. interest rates. During the 1970s, developing nations borrowed billions of dollars from American banks and other international lenders. When interest rates soared in the 1980s, developing countries were unable to pay the interest on their loans without making large economic sacrifices, including reducing imports. The recession in the United States, combined with growing interest rates, created harsh economic problems in developing countries that many still have not recovered from.

Current Issues

Balancing the Budget. During his 1980 presidential campaign, President Reagan pledged to balance the budget by 1984 by shrinking each year's budget little by little. Economic realities forced the president to renege on that promise, but he continues to focus on budget cuts as a means to hold down the deficit.

President Reagan cut deeply into some areas of the federal budget, eliminating or reducing funding for many social programs. But he greatly increased spending in other areas, particularly defense, which more than offset savings made through social welfare cuts.

Many people say that the deficit cannot be reduced by cutting social welfare programs unless spending in entitlement programs—such as social security, Medicare, or food stamps—is also reduced. This could occur only if the government reduces benefits or restricts eligibility for the programs to fewer people. Yet many people believe that drastic changes in these programs will hurt the people who rely on them. Others point out that if the government wants to reduce the deficit by cutting spending, it will have to cut defense programs as well.

Tax Reform. In May 1985, President Reagan announced a plan to replace an "unwise, unwanted, and unfair" tax system. The plan offered sweeping changes in the way the government collects revenues. Under the president's plan, millions of poor people would pay no taxes, corporate and individual tax rates would fall, and many tax breaks would be eliminated. (Currently, the government loses more than $350 billion a year because of various tax breaks offered to individuals, investors, and corporations.) In general, President Reagan's plan would: (1) increase personal *exemptions* (a portion of one's income that is not taxed), and (2) repeal some *deductions* (an amount of money, such as interest payments on a home mortgage, that taxpayers are allowed to subtract from their income in order to reduce the amount of tax they owe).

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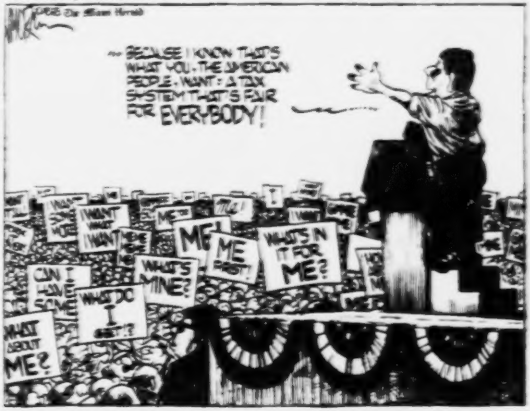
1985 The Miami Herald
—BECAUSE I KNOW THAT'S WHAT YOU - THE AMERICAN PEOPLE - WANT: A TAX SYSTEM THAT'S FAIR FOR EVERYBODY!
I WANT WHAT I WANT
ME!
ME FIRST!
WHAT'S IN IT FOR ME?
WHAT'S MINE?
CAN I HAVE SOME
WHAT DO I GET!?
WHAT ABOUT ME?

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Since the introduction of Reagan's tax plan, both the House of Representatives and the Senate have debated tax reform bills. Under pressure from both lobbyists and constituents, Congress has hotly debated the president's proposal.

Reducing Individual and Corporate Taxes. The president and some members of Congress want to reduce the rate at which individuals pay taxes. They believe that the current rates are too high, preventing individuals from placing their money in savings accounts or investing in business ventures. They claim that a lower tax rate would leave people with more money to spend or to save, which eventually would lead to economic growth. However, other members of Congress question lowering individual tax rates. They say that the loss of revenue would cause the federal budget deficit to increase and that the rich would benefit at the expense of the poor and middle class.

President Reagan also wants to lower the corporate tax rate. He argues that the current rate limits the amount of money a corporation has to invest in new machinery or expansion, which hurts the economy. According to Reagan's supporters, a tax reduction would increase investment and encourage corporations to make decisions based on economic considerations, rather than on how much taxes they will have to pay. Closing tax loopholes and requiring corporations to pay a minimum tax would compensate for any loss in tax revenue. However, some members of Congress believe that the tax rate on corporations is too low now and that cutting the rate even more would deprive the government of much-needed revenue. They point out that in 1985, corporate income tax accounted for only 16 percent of the government's tax revenues; in 1970, it accounted for 27 percent. These members argue that the government should leave the tax rate where it is and increase revenues by eliminating corporate tax breaks.

Eliminating Tax Deductions. One of the most controversial issues of tax reform is the elimination of tax deductions. The current tax code contains hundreds of different "write-offs," which allow both individuals and corporations to reduce the amount of taxes they owe. However, many deductions are misused. For example, according to a survey of 250 large profitable companies, more than half used deductions to avoid paying taxes between 1981 and 1983. Proposed changes in deductions include:

- eliminating deductions for interest paid on home mortgages;
- eliminating contributions to charities and nonprofit organizations;
- prohibiting the subtraction of state and local taxes from one's taxable federal income;
- limiting tax-free contributions to individual retirement accounts (IRAs);
- ending the tax-free status of employer-paid health insurance; and
- curtailing corporate tax breaks for business meals and travel.

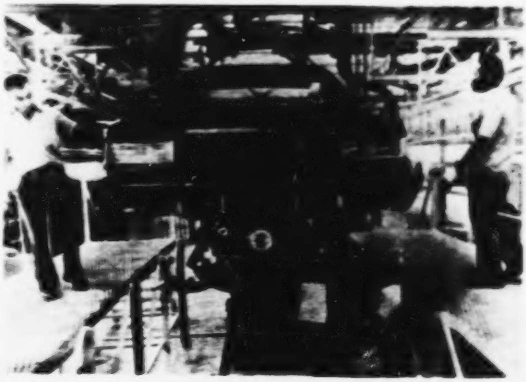
Most reformers support limiting deductions, but they disagree over which ones to cut. Members of the middle class say that repealing the deduction for interest paid on home mortgages would greatly reduce the ability of people to buy a home, which would cripple the construction industry. Charities, which greatly rely on tax-deductible contributions, argue that their activities would be devastated if deductions for charitable contributions were eliminated. Many people claim that limiting tax-free contributions to IRAs would adversely affect their retirement plans. And some state governors argue that limiting the deductibility of state and local taxes would hurt their own state's tax collections. Although sensitive to such concerns, tax reformers must carefully weigh the effects on society as a whole when deciding which deductions to cut.

Keeping Tax Reform "Revenue Neutral." Some advocates of tax reform believe that the government needs more money and that the tax code should be rewritten to increase revenues. They argue that a tax increase spread evenly throughout society would be relatively painless. The extra revenues would be used to reduce the budget deficit and finance government programs.

But any measure to raise revenues faces stiff opposition. President Reagan insists that any tax reform must be "revenue neutral," that is, the government will not collect any more or any less money in taxes than it does now. If Congress passes a tax bill that is not "revenue neutral," President Reagan says he will veto the bill. He believes that this is necessary to avoid either depressing the economy or increasing the budget deficit.

A National Industrial Policy for the High-Tech Era? Many economists believe that our economy is unprepared for the future. They believe that the government is protecting old, declining industries with tax breaks, subsidies, and restrictions on imports. At the same time, the government is not encouraging long-term investment, retraining of workers for high-tech jobs, or increased research and development.

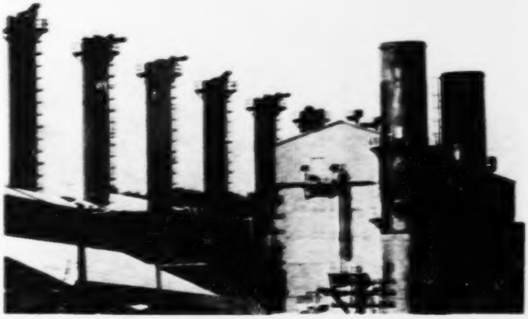
One economist, Harvard professor Robert Reich, has proposed that the United States develop an industrial policy to direct the flow of capital and labor toward a new emerging industrial base. He believes that American industry suffers from "structural immobility": It is still organized for basic production (such as auto manufacturing, steel, etc.) when it should be concentrating on service industries (such as telecommunications) and high technology. Reich says that instead of propping up ailing



The automobile industry has a great impact on the economy of the United States. Six of the nation's seven largest companies make cars or produce gasoline, motor oil, and other car-related products. The health of industries such as steel and rubber is directly related to sales of American automobiles.

low-skilled labor industries with subsidies, the government should give cash, tax, or other incentives to businesses that help them move into more competitive areas and take advantage of our relatively high-skilled work force. For example, steel manufacturers could switch from making pig-iron steel to high-value steel alloys. The government should also encourage new industries, along with labor and schools, to train workers in the skills they need for high-tech jobs, such as computer programming.

Critics of a national industrial policy say that government direction of business and labor—even on a limited scale—is unworkable for five major reasons. First, an industrial policy would have to be long-term and consistent. If elected officials were in control, an industrial policy could change every two to four years if different political parties were elected. Second, the government is not qualified to tell the private sector what to do. The government represents a highly vocal confederation of groups and regions, each of which has a different opinion about what is best for the nation's economy. Third, federal intervention in business would hamper, not help, industry. For example, trade barriers set up as a sort of subsidy for the steel industry discourage those companies from modernizing their mills to be more competitive. Furthermore, regulations have limited profits and drained capital from invest-



During the last decade, the United States has moved from a manufacturing economy to a service economy. Many so-called "heavy industries," such as steel, have been especially hard hit by foreign manufacturers who are able to produce goods at lower costs.

ments in many other industries. Fourth, many workers would not support a national industrial policy, especially if asked to accept lower wages and benefits. Fifth, the cost of administering these programs would be enormous.

Supporters of a national policy argue that we cannot afford *not* to plan our economy. Government coordination of capital investment and training have worked well in West Germany and Japan, and such a system might work here as well.

Outlook

It has been five years since the United States was in a recession. So far, industrial production is still up and inflation is low. But economists still see reasons to worry. Since World War II, recovery periods have run in cycles lasting an average of thirty-four months, and an economic downturn may be around the corner. The federal budget deficit is still large and could raise both interest rates and inflation in the near future. And reducing the deficit through budget cuts or tax increases could have serious effects on the economy. Even a "revenue neutral" tax bill might have a negative impact on our economy because it will take years for government, businesses, and individuals to adjust to the effects of a new tax code.

The Debate

Economy

Should Taxes Be Increased to Balance the Federal Budget?

PRO

The federal budget deficit threatens our nation's future, and it must be reduced. But Congress is reluctant to cut deeper into social programs or to slash the defense budget. The only alternative is to raise taxes. Americans may not like to admit it, but they can afford to pay more taxes, especially corporations, which pay 16 percent of the government's tax revenues.

CON

A tax increase is the worst thing we can do. A tax increase will take money out of consumers' pockets and reduce the amount of money corporations will invest. The federal government should cut the amount of money it spends on social programs and defense. The nation is best served by a healthy economy that relies on a balanced budget *and* a low tax rate.

Should the Government Eliminate Tax Deductions?

PRO

The government loses more than $350 billion every year through various tax breaks offered to individuals, investors, and corporations. Too many people use deductions as loopholes to avoid paying taxes. And the worst offenders are those who can most afford to pay: the rich and corporations. If the U.S. Treasury can get its fair share, we will be that much closer to balancing the budget.

CON

Eliminating tax deductions would be foolish. Tax deductions provide incentives that encourage economic investment and long-term growth. Industries will not expand or modernize their factories unless they get a tax break for it. Also, the middle class would be hurt if deductions for interest paid on home mortgages were eliminated. This would reduce the ability of people to buy a home and cripple the construction industry.

Should the United States Develop a National Industrial Policy?

PRO

American industry has fallen behind its foreign competitors. The government must stop supporting uncompetitive, labor-intensive industries such as steel refining. Instead, it should encourage companies to move into new fields and develop high-tech products that require highly skilled labor. Working with labor, business, and schools, the government should establish training programs for these jobs. National direction of the economy has worked in Japan and West Germany. It can work here, too.

CON

Just because a nationally directed economy works in Japan doesn't mean it will work here. Japan's political environment is stable; our political leadership changes too often to provide the consistency that an industrial policy needs. The Japanese have a philosophy in which labor and business work together. An adversarial relationship exists between business and labor in the United States. The worst part of a national industrial policy would be the enormous cost, which no one has dared to estimate.

Education

In the spring of 1986, the Reagan administration announced the findings of a new study on education in America. Entitled *What Works: Research About Teaching and Learning*, the study outlined forty-one recommendations for improving the nations' schools, including increased discipline, rigorous textbooks, and more homework. Perhaps most importantly, the report claimed that parents play the crucial role in the educational success of their children. President Ronald Reagan endorsed the report, saying that government interference does not produce good grades. What is needed, he said, is a return to "basic academic subjects and fundamental values."

What Works is but one of a series of reports on American education to come out in recent years. Many states are now in the midst of a campaign to reform their schools along traditional lines, emphasizing basic skills, longer school days, and more parental control in deciding subject matter and textbooks. While the reform movement has met with some success—Scholastic Aptitude Test (SAT) scores have risen and the high school dropout rate has declined—it has also created controversy. Some teachers contend that the state-mandated "back-to-the-basics" curricula do not teach students enough other skills such as logic and how to think critically. And increased parental control may prohibit the teaching of certain controversial subjects such as sex education or evolution. The current educational reform movement brings to light one of the main issues surrounding American education: who should decide what is best for our schools—the federal government, the states, local school boards, teachers, or parents?

Key Questions

- How active should the federal government be in education?
- Should federally financed college loans be denied to students who do not register for the draft?
- Does bilingual education promote a multilingual society?
- What should be the role of public schools in American society?

Background

The American School System

Community Approach. Education—especially literacy—has always been valued by Americans. The Puritan colonists saw education as an important means to pass on religious teachings. Later, Americans saw that publicly supported education could wipe out the British class system where literacy separated the rich from the poor. Throughout American history immigrant children were "Americanized" in the public school system. The schools taught them the English language and American values and helped ensure an educated electorate.

Funded and operated for the most part at the local level, the American public school system is highly decentralized. School districts determine programs of study, selection of books, hiring of teachers, and other factors such as school budgets and classroom size. A school district might encompass an entire county or city or a smaller segment of the community. A school superintendent administers each school district, and a school board—usually elected—makes budget and policy decisions. The advantage of local school management is that parents have the opportunity to decide the kind of education they want for their children.

Schools and the New Social Agenda. During the 1950s and 1960s, the United States took on new challenges. The federal government committed itself to landing the first man on the moon safely, wiping out poverty, and ending racial segregation and racism. The public schools were seen as an effective place to begin achieving these ends.

In addition, people felt that every American should have equal opportunity to a good education. Yet, the schools could not ensure this because they were not funded equally from state to state and from district to district. Schools are still unequally funded because local property taxes, used to finance most schools, vary. Districts with high land values can afford better schools and teachers than can districts with low land values. Because most local communities could not meet the cost of the new social agenda, the federal government increased its share of school financing.

The Sputnik Challenge. When the Soviet Union successfully launched the first orbital satellite in 1957, many Americans were shocked because Soviet technology apparently had outpaced American technology. In response, Congress passed the National Defense Education Act of 1958 to encourage the study of science, mathematics, engineering, and foreign languages at all levels.

President Johnson's Great Society. In the 1960s, President Lyndon B. Johnson focused the country's attention on the problems of poverty and their solution through his "Great Society." "Poverty has many roots," he said, "but the taproot is ignorance." President Johnson proposed three new federal education programs: the Economic Opportunity Act, the Elementary and Secondary Education Act, and the Higher Education Act.

Economic Opportunity Act. The Economic Opportunity Act of 1964 launched President Johnson's Great Society program. This law provided money for adult literacy programs and for Project Head Start, a preschool program for children from poor families.

Elementary and Secondary Education Act. In 1965, Congress approved the first general aid to education law, the Elementary and Secondary Education Act (ESEA). Whether children attended public or private schools, the ESEA was designed to improve their education. Though this law helped all children, it was targeted particularly at economically disadvantaged children. The ESEA also sought to close the gap in school funding between rich and poor states. Today the act provides federal

The Changing Classroom

Over 3.6 million children in the United States began their formal schooling in September 1986. Of these children:

- **1 out of 4 come from families living below the poverty line**
- **15 percent are disabled**
- **15 percent are bilingual**
- **10 percent have parents who cannot read or write**
- **40 percent will have lived through a divorce by the time they are 18 years old**
- **25 percent will not finish school**

money for schools to offer special programs such as remedial reading for low-income students. The ESEA also assists the states in buying textbooks, library resources, and instructional materials, and establishes and supports guidance and testing centers.

Higher Education Act. The Higher Education Act of 1965 authorized federal scholarships for needy college students for the first time. The act also provides federally financed student loans for college.

Desegregation. In the 1954 landmark case, *Brown* v. *Board of Education of Topeka*, the Supreme Court ruled that segregation is unconstitutional. Subsequent court decisions ordered schools to begin desegregation immediately. During the 1960s, Congress passed laws denying federal aid to school districts that continued segregation. During the 1970s, Congress offered school districts funding to assist their desegregation efforts such as busing.

Mainstreaming. Prior to the 1960s, many handicapped children attended expensive private schools because public schools were ill-equipped to handle their special needs. Then in the 1960s and 1970s, public education faced the charge of discrimination. In the mid-1970s, federal courts ruled that handicapped children have the right to an education in the "least restrictive environment" possible. Handicapped students, they said, should be "mainstreamed" whenever possible; that is, they should attend classes with nonhandicapped children. Federal funds have helped public schools buy equipment, build special facilities, and train teachers to work with handicapped students.

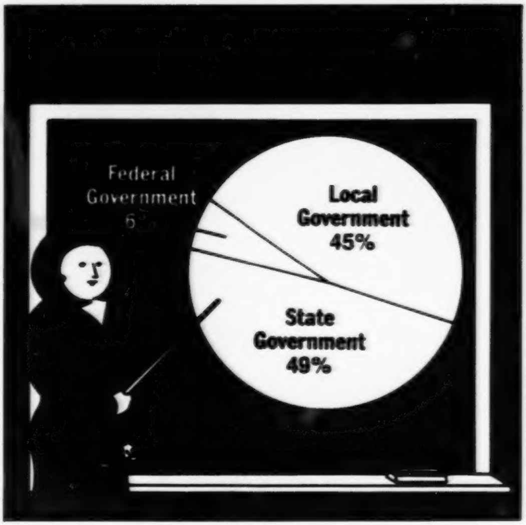
Bilingual Education. About 3.5 million students in the United States today either cannot speak English or speak very limited English. In 1967, Congress mandated that these students be taught bilingually (that is, not only in their native language but also in English) by

Uniphoto/Jerry W. Myers

In the 1970s, federal courts ruled that public schools are required to teach physically and learning disabled students in "the least restrictive environment possible." Today, a major portion of federal education funds ($1.2 billion in 1987) is given to local school boards to train teachers, purchase special materials, and build ramps.

passing the Bilingual Education Act (Title VII of the ESEA). Though this act provided federal money to establish bilingual programs, state and local governments had to bear much of the cost, and this cost has skyrocketed more than 800 percent since 1972.

Department of Education. In 1979, Congress voted to establish a separate Department of Education (DOEd). The Department of Health, Education, and Welfare was reorganized to become the Department of Health and Human Services. Elevating education to Cabinet-level status was meant to show its national importance. Congress believed that the new department would be more responsive to local school districts. However, creating DOEd sparked controversy among critics who believe that the role of the federal government should decrease, not increase. Although critics do not necessarily object to federal aid to schools, they oppose aid programs that tell local school boards and administrators how the money must be spent.



Historically, local governments financed all public schools in their jurisdiction. Today, state governments provide nearly half of all funds for public schools in an effort to improve education statewide.

Source: National Education Association

A Nation at Risk. In 1983, the National Commission on Excellence in Education released its study, *A Nation at Risk*. The report claimed: "The educational foundations of our society are presently being eroded by a rising tide of mediocrity." To support this claim, the report cited, among other things:

- 13 percent of all 17-year-olds in the United States are functionally illiterate;
- as many as 40 percent of minority teenagers may be functionally illiterate;
- average achievement of high school students on most standardized tests is lower than in the mid-1950s;
- reading, writing, and mathematics skills are so poor among young people that business and the military have spent millions of dollars on remedial education and training programs for their employees.

The commission blamed the growing mediocrity on watered-down content, low expectations of students, and a decline in the quality and training of teachers. The study recommended: (1) more rigorous curricula for students, with greater emphasis on reading, writing, mathematics, and science; (2) tougher standards for students, including increased homework, more demanding textbooks, longer school years, more daily classroom time, and higher grading standards; and (3) higher salaries for teachers to attract and retain talented and educated individuals; (4) proficiency tests to weed out unqualified teachers; and (5) new programs to use experienced teachers to help supervise junior teachers.

A Nation at Risk was just one of over thirty reports on American education released in 1983. In response, all fifty states have implemented at least some of the report's recommendations. The results have been dramatic. Scores on college entrance exams have risen 13 points. Forty states report a decrease in high school dropouts. And teacher salaries have risen about 13 percent over the last two years.

Though the results are encouraging, some school administrators fear that the push for better schools might be too costly for their districts to handle alone. Computers, higher teacher salaries, and the purchase of "back-to-the-basics" textbooks have raised the average cost per pupil to $3,173 a year, up nearly $1,000 since 1982. Many fear that without federal funds, many of the reform programs will not succeed. School administrators have lobbied Congress to ask that federal support for education be excluded from budget-cutting measures.

Current Issues

Who Should Make Education Policy? Traditionally, schools were under community control. School district administrators and school boards largely decided funding and school policy, and parents and teachers had direct contact with them. State governments retained some authority, such as setting standards for teacher certification and providing school districts with

Close Up Foundation

Secretary of Education William Bennett has proposed a number of measures to improve the nation's schools. Some of Secretary Bennett's recommendations include merit pay and competency tests for teachers, allowing parents to use federal vouchers to help pay for private school tuition, and the return of daily prayer and religious instruction to public schools.

additional funding to supplement local property taxes. However, the publication of *A Nation at Risk* and other studies critical of public schools has prompted state legislators to take a greater interest in what was primarily a local matter. For example, many states have passed laws requiring longer school days, higher minimum requirements for graduation, state approval of textbooks, and competency tests for teachers. The state role in school spending has also increased. States now provide 49 percent of school funding, compared to 45 percent from local support.

Some educators criticize states for overregulating schools. Critics say that too much state regulation frustrates innovative teaching, which usually develops at local levels. School districts are especially angry about state policies that allow the state to take control of local school districts in which student achievement is lagging. State leaders argue that if states are to commit the large amounts of money needed by schools, they have the right to say how state money should be used. Also, state control over funding ensures that the poorest school districts can offer quality education.

The Federal Role. President Reagan believes that the federal government does not belong in education. He thinks the government has used its money to interfere in what traditionally have been local school decisions. Moreover, he argues that federal funding has not benefitted the schools. Federal spending for education increased during the 1970s, yet school problems worsened. Moreover, federal money cannot solve the nation's education problems. Federal dollars cannot improve programs of study, tighten security in schools, or make students do homework. Furthermore, the budget deficit problem demands that federal spending be cut back wherever possible.

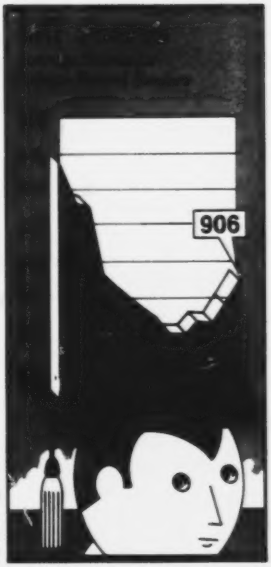
Supporters of federal funding argue that federally mandated programs have been been effective in fighting illiteracy, mainstreaming handicapped students, and supporting preschool programs for inner-city children. What's more, federal aid has helped close the gap in spending between rich and poor states. Critics point out that while some states can afford ambitious educational programs, less affluent states cannot increase school spending. Illiteracy and equal educational opportunities are examples of national problems that require federal solutions.

Student Loans. One of the largest areas of federal education funding scheduled for cutbacks is federal loans and grants for college education. The federal government began offering student loans to lower- and middle-class students in the 1960s because many people considered the loans a wise investment in our nation's future. In recent years, however, many have criticized student loan programs for their growing costs, the high number of defaulted loans, and the fact that many students from well-off homes get subsidized loans.

Secretary of Education William J. Bennett has voiced strong support for a proposal that would only give federally guaranteed student loans to students from families earning less than $32,500 a year. The proposal would also place a limit of $4,000 per year on the amount of money a student could receive. Supporters of tighter requirements argue that with some belt-tightening, most middle-income parents can afford to send their children to college, especially state-subsidized universities. Furthermore, limiting eligibility will permit more low-income students to receive aid. Opponents of the cuts argue that without federal aid, middle-class families with more than one child in college could not afford the increasingly expensive costs of college education. Also, the new federal limits would prevent many exceptional students from attending the college of their choice.

Draft Registration and Student Loans. In 1982, Congress passed a law barring young men who had not registered for the draft from receiving federally financed student aid. The law passed at a time when more than 700,000 draft-age males failed to register. Congress hoped the threat of withholding aid might increase draft registration. However, opponents of the law say it is unfair to link draft registration to student loans. Moreover, they say the requirement discriminates against males, since females do not have to register, and it discriminates against low-income males because they are more likely to need financial aid. Opponents of the law say that men who fail to register for the draft should be punished for that offense directly—not by a government agency with no responsibility for supervising the draft.

Tuition Aid to Parents of Children in Private Schools. The Reagan administration is asking Congress to grant tuition tax credits to the parents of the 5 million children who attend private elementary and secondary schools. Supporters of the proposal argue that these parents should receive tax breaks because their taxes support schools that their children do not attend. Proponents also say that tuition aid would allow parents to select the best school for their child, thereby increasing competition among private and public schools and forcing public schools to improve. Opponents say that it is unwise for the government to cut federal aid to public schools, while at the same time granting subsidies to private schools through tax credits to parents. Furthermore, they say the proposal would increase the federal deficit, encourage people to attend private schools to avoid busing (a phenomenon that began without tuition tax credits), and reduce support for public schools.



Source: College Board

The decline in SAT scores during the 1970s was seen by many policymakers as an indication that the quality of American education was also declining. Many parents and educators attribute the recent rise in SAT scores to the success of "back-to-the-basics" teaching.

Opponents also charge that tax credits would benefit religious schools and are therefore unconstitutional. In 1978, the Supreme Court struck down a New Jersey law giving tax credits to private school parents because the law "advanced" religious education. However, the Court ruled in 1983 that tuition tax deductions do not necessarily imply government support for religious institutions. In a narrow 5–4 opinion, the Court upheld a Minnesota law that permitted parents tax deductions for expenses at private or public schools. By permitting such deductions, the law did not advance religion, even though the Court conceded that expenses for public school attendance might only include the cost of papers, notebooks, and transportation, and would be far less than expenses for private schooling.

National Education Association/Joe Di Dio

As part of the nationwide effort to improve education in America, the use of computers in schools has risen dramatically. Computers can help to improve a student's performance in school and provide valuable job skills in the high-technology job market.

Prayer in Schools. Many religious leaders consider prayer an important part of children's educational process. These leaders have marshalled support for a proposed constitutional amendment that would permit voluntary prayer in public schools.

School prayer was common in public schools until 1962 when the Supreme Court ruled that state-sponsored prayer violated the First Amendment prohibition against government advancement of religion. Since then, many states have passed statutes attempting to circumvent constitutional objections. Twenty-four states have statutes that provide for "moments of silence" or "voluntary prayer," where students choose to participate. In 1985, however, the Supreme Court ruled that "moments of silence" statutes are unconstitutional as they might be interpreted as state-sponsored religion. This ruling has given pro-prayer advocates renewed vigor in their drive for a constitutional amendment permitting prayer in schools.

Despite strong support for school prayer, a constitutional amendment also faces strong opposition. Many religious leaders oppose an amendment because they fear that group prayer, even if voluntary, would foster certain—but not all—religious practices and beliefs. Furthermore, these opponents believe that organized prayer could not be truly voluntary in a school setting, where pupils are taught to obey the teacher and cooperate in class.

National Education Association/Joe Di Dio

To keep good teachers in the classroom, **A Nation at Risk** *recommended that school districts increase teacher salaries. Since the report was released in 1983, teacher salaries have risen by 13 percent nationwide to an average of $25,257 a year.*

Outlook

Most of the recent reforms in education have been instituted at the state or local level, and in the last three years many public school teachers in America have turned back to teaching the basic academic fundamentals. While states and local school boards continue to increase their control over school policy, the Reagan administration will continue its campaign to reduce federal involvement in the public schools. Nevertheless, many education issues are left to the federal government, among them school prayer and tax relief for parents sending children to private schools. The issues are divisive, and the debate is intense.

The Debate

Education

Should the Federal Government Play a More Active Role in Education?

PRO

Federal funds for education have helped to achieve some important national goals, such as improving educational opportunities for the poor, opening classroom doors for the disabled, and helping talented children from lower- and middle-class families get quality college educations. Only the federal government can set national standards for educational quality and equalize school spending between rich and poor states. In addition, many states could not support worthwhile programs for the handicapped and learning disabled without federal support.

CON

As federal involvement in education has increased, the quality of education has declined. It seems clear that money and federal regulation cannot solve the problem. States and local communities must work harder to train and hire better teachers, toughen discipline in schools, and set higher standards for students. What's more, parents must take an active interest in their children's education.

Should Federally Subsidized Student Loans Be Restricted to Students From Low-Income Families?

PRO

Too many people have abused federally financed student loans. Rather than going to the truly needy, loans have gone to middle-class students who later defaulted on their loans. If a student is truly needy, then—and only then—should the government help.

CON

In the past ten years, college tuition has skyrocketed, especially for private schools. Middle-class families with more than one child in college are particularly hard hit. The government should continue to fund student loans because they are a good investment in the nation's future.

The Debate, Education

Continued

Should the Federal Government Provide Tuition Aid to Parents of Students in Private Schools?

PRO	CON
Giving tuition aid or tax credits to parents with children in private schools is fair because the parents pay taxes that support schools their children do not attend. Furthermore, tax credits would promote competition among public and private schools, thus giving public schools an incentive to improve.	Giving tuition aid or tax credits to parents with children in private schools is really a subsidy to private schools. Although private school tuitions would be subsidized, they would still be out of reach for most poor people. As a result, the country will have two types of schools—private schools for the middle class and the rich, and public schools for the poor.

Should Voluntary Prayer Be Permitted in Public Schools?

PRO	CON
Voluntary prayer in the classroom was an American tradition for more than 170 years. How can the First Amendment prohibit classroom prayer when each session of Congress begins with a prayer and our money says, "in God we trust"? But beyond the constitutional question is the practical issue that young people need a moral education. We've tried secularism for nearly twenty years, and our schools have been torn apart by lack of discipline. Either we restore morality to our educational system or we pray that society does not fall apart completely.	The Constitution is quite clear that the government should neither advance religion nor discriminate against it. What kind of prayer could meet that qualification? Different religions pray in different ways. To ask children to fold their hands and bow their heads is to advance one religious practice at the expense of others. Sending children out of the room because their religion is different subjects them to humiliation. And what would the prayer say? Either the prayer would offend some religions or it would be watered down to the point of being meaningless. The Constitution is right—religion and government do not mix.

Civil Rights

Is everyone in the United States guaranteed equal rights, regardless of sex, race, religion, disability, age, and ethnicity? Many people believe that constitutional amendments, federal laws, and Supreme Court decisions now provide every man and woman in the country with the same civil rights. For example, the right to vote, once limited to white men age 21 and over, has been extended to blacks, women, and 18-year-olds. Discrimination has been declared illegal in public places, and hotels and restaurants are no longer separated, or *segregated*, by race. Jobs once barred to women are now open. Looking back to the late 1700s when the country was founded, many people would say that the United States has come a long way.

But many others believe that, despite great progress, discrimination still exists. For example, despite fair housing laws, some people still refuse to rent to blacks or Hispanics. Court orders to bus white children to black schools have caused violence in some communities. Economic inequality and job discrimination are also still common. As a result, many black and Hispanic families live below the poverty line, women receive only three-fifths of the salaries of men, and many people are denied jobs because of their disabilities or age. Yet, if history has taught us anything, it is that laws alone cannot eliminate discrimination. People's attitudes must change, and that takes time.

Key Questions

- Do affirmative action programs give unfair preference to women and minorities?
- Is busing an effective way to achieve racial balance in public schools?
- Is discrimination still a problem in the United States?
- Can prejudice be legislated away?

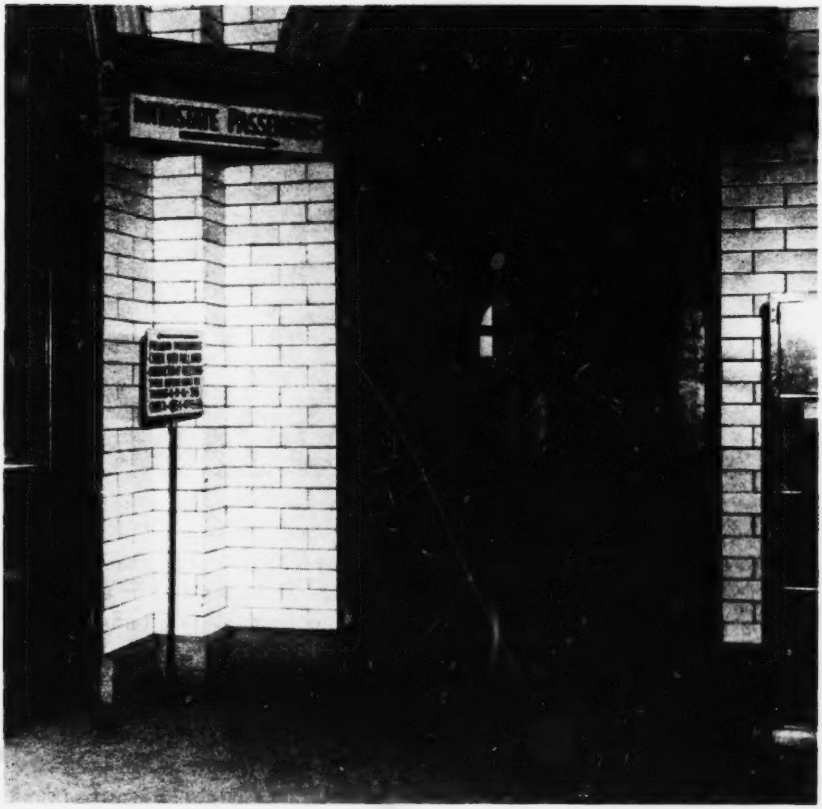
Background

Discrimination in America

Race Discrimination. After the Civil War, three constitutional amendments gave former slaves the full rights of citizenship: the Thirteenth Amendment, which abolished slavery; the Fourteenth Amendment, which guaranteed civil rights; and the Fifteenth Amendment, which granted black males the right to vote. However, racial prejudice could not be legislated away as easily. After the postwar Reconstruction period, southern leaders implemented "Jim Crow" laws, which ensured that access to public facilities, such as restaurants, theaters, schools, and even water fountains, would be segregated by race. The 1896 Supreme Court decision, *Plessy* v. *Ferguson*, upheld the Jim Crow laws, saying that segregation was legal as long as "separate but equal" facilities were provided.

In 1948 President Harry Truman proposed several civil rights reforms. He ordered the military to desegregate its units. Truman also proposed bills that would protect everyone's right to vote, prohibit lynching, and end discrimination in interstate transportation facilities such as trains. However, powerful members of Congress from southern states successfully blocked all attempts at reform.

Brown v. *Board of Education of Topeka*. This 1954 Supreme Court decision essentially began the modern civil rights movement. The Court unanimously ruled that maintaining separate schools for blacks and whites is unconstitutional because separate schools can never offer equal educational opportunities. The Court ordered schools to desegregate "with all deliberate speed." Subsequent Court decisions ordered desegregation in northern communities where school boundary lines were drawn between black and white neighborhoods, thus



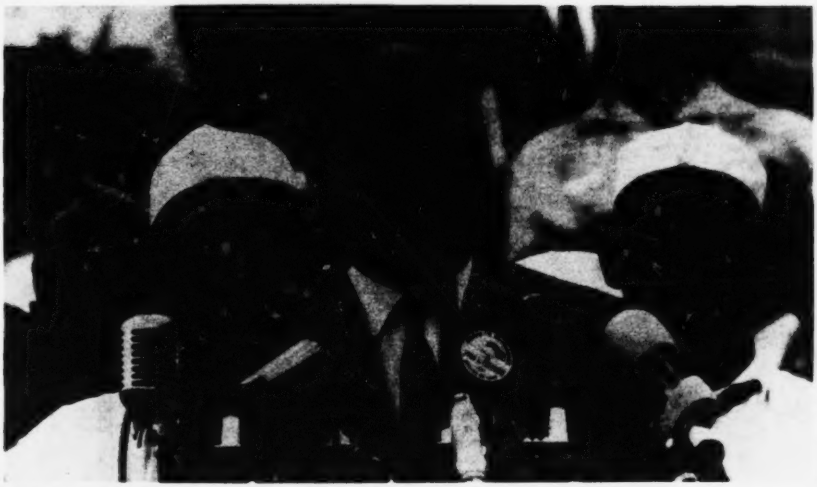
UPI/Bettmann Newsphotos

The Fourteenth Amendment to the Constitution, ratified in 1868, guaranteed former slaves their civil rights. But the United States remained a nation separated by race for nearly 100 years. It wasn't until the passage of the Civil Rights Act in 1964 that segregation laws were repealed.

creating segregation. Many judges ordered the school districts to redraw the lines and to bus children to distant schools, if necessary, to achieve integration.

Civil Rights Act of 1957. The Civil Rights Act of 1957 represented the first attempt since Reconstruction to institute comprehensive civil rights legislation. This act made efforts to prevent people from voting in federal elections illegal and created the U.S. Civil Rights Commission—an independent government advisory panel—and the Civil Rights Division of the Department of Justice. However, the act did not include effective enforcement provisions.

Twenty-fourth Amendment. In 1962, Congress passed a constitutional amendment bar-



UPI/Bettmann Newsphotos

"I have a dream that one day this nation will rise up and live out the true meaning of its creed: We hold these truths to be self-evident; that all men are created equal." Civil rights leader Dr. Martin Luther King, Jr., speaking at the foot of the Lincoln Memorial in August 1963.

ring the use of a *poll tax* (a tax often used to prevent poor blacks from voting) or any other tax in a federal election. The amendment was ratified in 1964. A 1966 Supreme Court ruling extended the amendment to state and local elections as well.

Civil Rights Act of 1964. This landmark legislation prohibited discrimination in public accommodations such as restaurants and hotels and in programs receiving federal aid. The act also prohibited job discrimination by employers and unions, established the Equal Employment Opportunity Commission, and strengthened enforcement of voting and desegregation laws.

Voting Rights Act. Passed in 1965, the Voting Rights Act aimed to eliminate local laws and practices that prevented blacks and other minorities from voting. It forbade literacy tests for voters, poll taxes, and intimidation of voters in any state. In communities with a history of discrimination, federal officials ensure that proper voter registration and election procedures are followed. These communities also must clear in advance (or "preclear") any changes in election laws and prove that such changes will not discriminate against minorities. This includes the drawing of new voting districts after census years. Nine states—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia—and portions of thirteen other states (including the New York City boroughs of Brooklyn, Manhattan, and the Bronx) must meet the preclearance requirements.

Protection From Discrimination in Housing. In 1968, Congress extended civil rights protection to prevent discrimination in the sale or rental of some 80 percent of the nation's housing (housing not covered includes property sold without a real estate agent). The legislation also prohibited discriminatory references in real estate advertisements. Victims of housing discrimination can file a complaint with the Department of Housing and Urban Development or take their case to court. Despite the intentions of the 1968 legislation, many experts say the law is difficult to enforce and that people continue to live in areas based on their race and income.

Renewing the Voting Rights Act. In 1982, Congress renewed the authority of the Voting Rights Act for another twenty-five years. Reacting to a report by the Civil Rights Commission that harassment and intimidation of minority voters continued in many states, Congress maintained the preclearance provisions. However, jurisdictions that maintain a clean voting rights record for ten years can become exempt from the preclearance provisions. Congress also added a provision requiring certain areas to provide bilingual election materials.

Discrimination on the Basis of Sex. In the 1960s and early 1970s, women began mobilizing support against sex discrimination. Inspired by the civil rights movement, women pushed for greater access to jobs and political influence and an end to the condescending way women are often treated. The women's movement has continued into the 1980s, but its roots stretch back more than 140 years.

"Romantic Paternalism." During the nineteenth century, women were legally prevented from voting, buying liquor, holding certain occupations, filing lawsuits on their own behalf, and, if married, owning property or retaining custody of their children after divorce. These laws were justified on grounds of "romantic paternalism," a concept held by male-run courts and legislative bodies that maintained it was their duty to protect women's "femininity."

Suffrage Movement. The early movement to get the vote for women began in the mid-1800s. It was led by Elizabeth Cady Stanton and Susan B. Anthony. They and other early *suffragists* were also involved in the abolitionist movement and helped win the fight for the Fifteenth Amendment, which ensured the right to vote of all men regardless of race. The suffragists tried to include women in the amendment, but their efforts were blocked by members of Congress who feared that a provision for women would cause the entire amendment to fail.

Despite this setback, the suffrage movement continued its efforts and by 1912 had won the right for women to vote in nine western states. In 1916, the National Women's Party organized support for a national suffrage amendment. On August 16, 1920, the Nineteenth Amendment was ratified, finally giving women the right to vote in all state and national elections.

Laws Against Sex Discrimination. The 1960s and 1970s were years of great progress for women's rights. In 1963, Congress adopted the Equal Pay Act, which guaranteed equal pay for equal work. The 1964 Civil Rights Act also included prohibitions against job discrimination based on sex. In the early 1970s, the Supreme Court applied the Fourteenth Amendment's equal protection clause and the Fifth Amendment's due process clause to strike down laws that discriminated against women. In 1972, Congress barred gender-based discrimination in all education programs receiv-

In 1984, typists and clerical workers at Yale University staged one of the first strikes over the concept of comparable worth. Women workers argued that their work was comparable in terms of skills and education required to work done by male truck drivers, yet there was a $5,000 difference in their starting salaries.

Uniphoto/William A. Kelly

ing federal support. And in 1978, Congress amended the Civil Rights Act to prohibit job discrimination against pregnant women.

Although women have made great progress over the last twenty years, they still suffer from discrimination. They have been denied access into many professions and, in many jobs, continue to receive salaries below those of men who do equal work. Census Bureau statistics indicate that the average working woman earns only 61 percent of the average male salary. Women on the average earn 25 to 40 percent less than men doing similar work, even in fields dominated by women. For example, 81 percent of all elementary school teachers are women, yet the average male teacher earns more than the average female teacher. Many women's groups still feel that nothing less than a constitutional amendment can correct these inequalities.

Susan B. Anthony, a central figure in the suffrage movement of the nineteenth century, lobbied politicians around the country in a tireless effort to secure women's rights in voting, education, and employment.

Equal Rights Amendment (ERA). In 1971, Congress passed a controversial amendment to the Constitution that supporters believed would guarantee equal rights for women. The proposed amendment simply stated: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex." Supporters said that the amendment would outlaw all forms of discrimination based on sex, such as lower salaries and unfair insurance and credit ratings, especially for divorced or widowed women, and would give women firmer legal standing against all other forms of discrimination. Many ERA opponents argued that the deceptively simple wording of the law would disrupt family life, legalize homosexual marriages, and cause women to lose the privileges of alimony and exemption from the draft. Many opponents—including President Ronald Reagan—believe that women are already fully protected under existing laws and that an amendment is unnecessary. In 1982, the deadline for ratification of the Equal Rights Amendment passed. The controversial amendment needed the approval of only a few more states to be ratified. The Equal Rights Amendment was reintroduced in Congress in 1985, but the action was considered largely symbolic because opposition to the ERA remains strong.

Age Discrimination. Traditionally, retirement at age sixty-five or seventy has been assumed; some consider it a right. Giving job preference to younger workers has been justified by employers who want to bring "new blood" into the office. But looked at another way, being denied work or forced out of a job because of one's age is little different than being denied employment because of race or sex.

The Age Discrimination Act of 1967 barred discrimination against people between the ages of forty and sixty-five. In 1978, Congress amended the law to protect people up to age seventy. Despite these laws, people in certain occupations—such as airline pilots, school bus drivers, and police officers—can be forced to retire early. Activists for the rights of the elderly want to narrow the list of occupations requiring early retirement and amend the laws to bar mandatory retirement in most other fields. They are also working to end painful stereotypes of the elderly as being helpless and senile. Activists also want to end the difficulties the elderly face in obtaining credit cards, mortgages, housing, and home health care.

Discrimination Against the Handicapped. For years, society viewed disabled persons as helpless individuals—objects of fear, pity, and charity—with little to offer. As a result, handicapped persons have had to fight social and physical barriers to achieve relative equality. For example, bright young people who were deaf, blind, or unable to walk were segregated in special schools and denied college education. This happened in many cases because most schools were not equipped to teach the disabled. Without adequate education, the disabled often had to settle for unskilled jobs with low pay. The Rehabilitation Act of 1973 outlawed some barriers to equal education and job opportunities for the handicapped. The law prohibited employers who receive federal aid or who work on government contracts from refusing to hire handicapped persons. The act also required that public schools guarantee education to handicapped children and that colleges make their buildings accessible to the blind and those unable to walk.

Civil Rights Commission. In 1983 President Reagan fired three members of the six-member U.S. Civil Rights Commission who had criticized his civil rights policies. Before President Reagan, no president had summarily dismissed any commissioners. Civil rights leaders charged that the firings undermined the commission's independence and illustrated Reagan's insensitivity to civil rights problems. The new commission cancelled several studies by the old commission and is accused by some of its members of openly coordinating strategy with the White House. Critics claim that over the past four years, the Civil Rights Commission has become an arm of the Reagan administration.

The Reagan administration has responded to the criticism by noting that other presidents sought to appoint members who shared their views. Then—and now—the appointees have never lost their independence. The Reagan administration says that the commission's support of the president on affirmative action, busing, and comparable worth resulted from independent investigations by the commission, not from White House pressure.

Civil Rights Commission Chairman Clarence Pendleton has also created controversy. Pendleton, who is black, has said that national black leaders were encouraging racism because they favored blacks over whites solely because of race. This has upset many civil rights groups—including the National Association for the Advancement of Colored People (NAACP), the National Urban League, and the

Black and White in America, 1986

	Black	White
Median family income	$15,432	$27,686
Percent unemployed	14.9%	5.9%
Percent living in poverty	33.8%	11.5%
Percent graduated high school	78.7%	87.8%

National Association of Women—and has led them to stop cooperating with the commission.

Current Issues

Affirmative Action. In the late 1960s, the concept of affirmative action grew out of court attempts to make up for years of racial and sexual discrimination. The courts began ordering employers who receive federal money to give preference to women and minorities in hiring and promoting. The goal of affirmative action was to match the sexual and racial composition of the working place with that of the society.

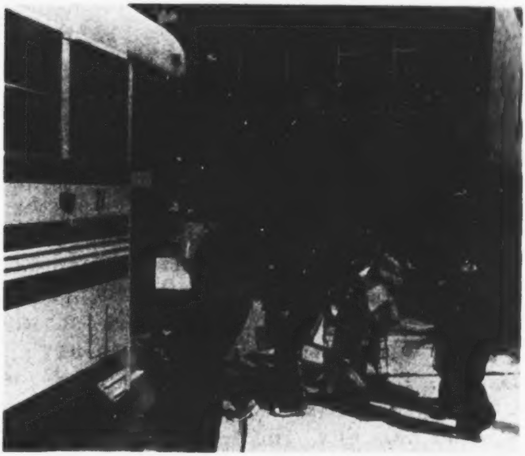
Supporters of affirmative action believe that laws have been an effective tool for correcting bias in job hiring. The Department of Labor has found that minority employment increases at a higher rate in companies that are required to meet federal affirmative action rules than in companies not covered by the requirements.

Critics of affirmative action—including many officials of the Reagan administration—argue that it forces employers to consider sex and race above ability when hiring. The result, they say, is "reverse discrimination," against white males. Critics contend that quotas are not fair and that hiring goals should be just that—goals to recruit more minorities—and should not be mandatory.

Busing. In many cities, both black and white parents actively oppose court-ordered busing to achieve racial integration in public schools. Opponents of busing argue that busing breaks down the neighborhood school system, forcing schoolchildren to spend an hour or more a day commuting and making it difficult for students and parents to participate in school activities. According to opponents, busing is expensive to implement, divides communities, and sometimes causes schools to become more segregated than they were before because white families flee the public school system. For example, in Boston, where court-ordered busing began in 1974, the program has been marked with violence, and district-wide white enrollment in public schools has dropped from 70 percent to 28 percent in eleven years.

Proponents of busing claim that it is a necessary tool to achieve integration and that children have benefitted from racially mixed classrooms. Achievement levels have risen significantly for blacks, and children of all races benefit from the exposure to a variety of ethnic backgrounds. Proponents point to the success of the Charlotte-Mecklenburg County schools in North Carolina as proof that busing can work. Although violence scarred these schools when desegregation was first ordered in the 1960s, racial tensions are now low, and test scores are higher than ever before, above the national average.

The Reagan administration believes that busing is a divisive way of achieving desegregation. Working under a directive from the White House, the Justice Department is challenging the legality of more than 530 busing programs



National Education Association/Joe Di Dio

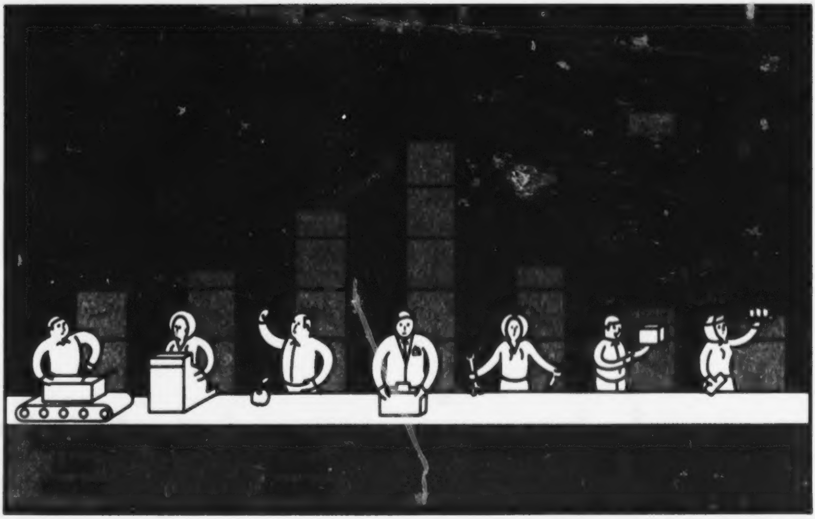
Busing children in order to integrate public schools was necessary in many communities after the Supreme Court declared that the nation's schools be desegregated in 1954. Busing remains a controversial issue in many parts of the country today.

around the country. The first major victory for the department occurred in 1986 in Norfolk, Virginia. In that case, a federal appeals court found that the Norfolk school district no longer discriminated against black students and that the busing of elementary schoolchildren could legally end. Though the case is expected to be appealed to the Supreme Court, the Reagan administration views the ruling as a precedent to end court-ordered busing in hundreds of other cities.

As an alternative to busing, the Reagan administration has strongly encouraged the courts to prescribe voluntary measures. Reagan administration officials believe that parents should be free to choose the school their children will attend. One program supported by the Reagan administration is *magnet schools*. This plan, currently operating in many school districts around the country, permits parents to choose to bus their children to district-wide *magnet schools*. There, students receive intensive instruction in specialized subjects such as science and performing arts.

Comparable Worth. The Equal Pay Act of 1963 guarantees "equal pay for equal work," regardless of sex or race. But many women believe that they are still discriminated against in the job market. They claim that jobs filled mainly by women pay less than comparable jobs held by men. They point out that the average salary for a woman is more than one-third less than the average man's salary.

Many civil rights advocates believe that salaries for jobs held mainly by women should be raised to the level that men receive for jobs that require comparable effort, skill, experience, education, and responsibility, that is, equal pay for work of comparable value. For example, at Yale University, secretarial workers—mostly women who earn an annual salary of $13,000—have demanded a raise to match the school's truck drivers—mostly men who earn $18,000 annually. The secretaries say that



Source: U.S. Department of Labor

According to a recent study, women in the workplace are paid about 64 cents for every $1 paid to men. Some state legislatures are considering comparable worth proposals that would narrow the wage gap between men and women.

though their work is different, it requires skill and experience comparable to that required for as driving a truck.

Supporters of comparable worth say that it would remove sex bias in wages. They say that comparable worth standards could first be applied to local, state, and federal government employees through a job rating system and then encouraged for use in the private sector. The system would assign points for each job based on the types of skills and experience required. Advocates say that such a system would help overcome differences in wages caused by tradition, male-dominated unions, and employer preferences in selecting men for high-paying jobs.

The Reagan administration is highly critical of comparable worth proposals. Former Attorney General William French Smith has said that wage differences are not due to discrimination, but are merely the result of free-market forces such as competition and the laws of supply and demand. The Reagan administration believes that women generally earn less than men because they do not have the same degree of education or experience. Critics of comparable worth point out that women are gradually moving into higher-paying jobs and that the wage gap is narrowing. They add that determining comparable worth is subjective and would be impossible to enforce.

Despite opposition from the Reagan administration, Congress has introduced legislation to study pay differences between men and women in government jobs. Minnesota and Iowa also are considering proposals on comparable worth, and court cases have been heard in California, Connecticut, Hawaii, and Illinois. In the state of Washington a federal judge ruled that 35,000 state-employed women must get a substantial raise to equal male salaries in jobs with comparable levels of skill and responsibilities.

Grove City Decision. In February 1984, the Supreme Court handed down a controversial decision *(Grove City College* v. *Bell)* that narrowed the scope of civil rights law. Prior to *Grove City*, any institution—educational, state, public, or private—that received federal money could not discriminate. But in *Grove City*, the Court ruled that only the specific program or activity that receives the funds, not the entire institution, has to comply with federal laws prohibiting sex discrimination.

Civil rights leaders fear that the *Grove City* decision will be extended to other laws involving discrimination based on race, age, and handicap and have urged Congress to pass new legislation. Congress is now considering legislation called the Civil Rights Act of 1986. Supporters of the bill say that the Reagan administration is lax in enforcing civil rights law and that the bill restores previous protections against discrimination.

The Reagan administration, led by Assistant Attorney General William Bradford Reynolds, strongly opposes the new legislation. The administration says the bill will widen the scope of civil rights law beyond where it stood before the *Grove City* decision and will extend federal authority to areas never before reached.

Outlook

The Reagan administration has been accused of not caring about civil rights. While the president is known to be personally insulted by the remarks, critics have pointed to his stance on affirmative action and comparable worth as well as the conflict surrounding the U.S. Civil Rights Commission as proof that he is not interested in promoting civil rights. Controversy is likely to continue as Congress considers new civil rights legislation and the White House pushes for an end to court-ordered busing and hiring quotas. Some kind of civil rights initiative is possible, but the president has consistently argued that current laws—especially the Civil Rights Act of 1964—adequately protect everyone's civil rights and that his economic policies have helped minorities achieve more than changes in the law.

The Debate Civil Rights

Should Affirmative Action Regulations Be Eased?

PRO

"Affirmative action" is just another term for "quotas." Years ago quotas were used to prevent minorities from getting jobs for which they were qualified. Using quotas now to help minorities and women is no less discriminatory. Employers should be able to hire the best employee for the job, regardless of color or sex.

CON

Affirmative action programs compensate for past and present job discrimination. Affirmative action programs ensure that qualified workers do not lose out solely because of their sex or the color of their skin. Killing affirmative action programs would give employers an excuse to return to discriminatory hiring practices of the past.

Should Busing Be Banned as a Tool to Achieve Racial Integration in Schools?

PRO

A majority of parents, both black and white, oppose busing. Busing creates racial violence and resentment; it does not resolve it. Busing destroys neighborhood schools and creates problems for parents and students. It is harder for parents to participate in their children's school activities if the school is on the other side of town. Busing takes schools out of the community's control and puts them into the hands of federal judges.

CON

Busing is necessary to ensure equal educational opportunity. Recent studies show that desegregation has improved the learning skills of minorities. Busing has promoted racial harmony in areas where blacks and whites used to view each other with suspicion. Schoolchildren who once had little contact with other races now interact with them daily, breaking down stereotypes and discriminatory attitudes.

Should the Federal Government Support Comparable Worth?

PRO

Despite the Equal Pay Act of 1963, women's salaries on the average are more than a third less than those of men. Salaries should be based on the skills, responsibilities, and experience necessary to do the job—not on whether the job traditionally has been filled by a man or a woman. Comparable worth legislation would correct this wage imbalance by raising salaries in occupations dominated by women to match those mainly filled by men.

CON

By itself, discrimination did not cause the salary differences between men and women. Until recently, women have not had the education or experience to qualify for high-paying jobs. As women go to school and gain valuable work experience, they will move into higher paying jobs. As they do, the wage gap will shrink. Government intervention in the marketplace is not a wise step.

Social Programs

Who is ultimately responsible for the poor, the elderly, and the unemployed—the government, private charities, or the people themselves? More than any president since Franklin Roosevelt, President Ronald Reagan has debated the role of government in providing for the health, education, and financial security of American citizens. When he took office in 1981, President Reagan made it clear that the federal government no longer can afford to provide assistance to every citizen and every program. Now, after nearly fifty years, states and private charities share more of the responsibility. The president says that, in a time of rising budget deficits, members of Congress no longer can discuss which social programs to expand, but rather which ones to cut. As President Reagan continues to reduce the federal government's role in social programs, the country is just beginning to feel the effects of his policies.

Key Questions

- Do social programs institutionalize poverty?
- Should private charities do more than the government does to help people in need?
- To what degree should the federal government provide for the health and welfare of its citizens?

Background

Roosevelt's New Deal. When elected in 1932, President Franklin Roosevelt introduced the New Deal program to overcome the effects of the Great Depression and to protect against future economic failures. Roosevelt believed that the government had a special obligation to help the unemployed, the poor, and the elderly. The New Deal program he created stressed jobs and social insurance rather than straight relief. Programs such as the Works Progress Administration and social security initiated America's social welfare system. The Works Progress Administration commissioned individuals to build bridges and roads, write books and plays, paint murals and buildings, and pursue numerous other activities. This program reflected Roosevelt's belief that payment should depend on work. The Social Security Act provided insurance for the unemployed and the retired, and public assistance for the elderly, the blind, and children in homes without wage earners. (Disabled people were granted social security benefits in 1956.)

Reaching Out to Help

After a landslide election in 1964, President Lyndon Johnson told the nation, "We are in the midst of the greatest upward surge of economic well-being in the history of any nation. But we are only at the beginning of the road to the Great Society." Johnson said that the country had "to open for all Americans the opportunities now engaged by most Americans and improve the quality of life for all." Responding to Johnson's Great Society speech, Congress passed legislation creating many social programs, including Medicare and Medicaid.

LBJ's Great Society. During the 1960s, President Lyndon Johnson presided over significant social legislation—the enactment of major civil rights legislation, the introduction of Medicare and Medicaid, and the creation of programs designed to eliminate poverty. Johnson declared that no society could be great with poverty in its midst. He waged a full-scale assault against poverty by designing programs to move the poor up the economic ladder through vocational education and training. The Economic Opportunity Act of 1964 created rehabilitation services, preschool education programs, training and jobs programs for young people, and retraining programs for the unemployed.

President Johnson also increased federal social spending to provide the elderly with health care and to help feed, clothe, and house the

UPI/Bettmann Newsphotos

Children playing in an inner-city playground in St. Louis. Some policymakers are beginning to question the wisdom of President Johnson's Great Society anti-poverty programs. They think the programs may actually institutionalize poverty by making recipients dependent on the government.

poor. These measures, known as entitlement programs, were open-ended and usually received increased funding every year.

Most social programs, including social security, are entitlement programs. Because everyone who qualifies for a program is entitled to receive benefits, entitlement programs theoretically have no budgetary ceiling and are therefore difficult to plan or cut. The only way to cut entitlement programs is to restrict eligibility or reduce the amount of benefits each person receives. For example, many programs guarantee an annual cost-of-living adjustment (COLA), or increase, which provides recipients with yearly increases based on the rate of inflation. One way to save money is to keep the cost-of-living increase below the rate of inflation. The disadvantage to reduced COLAs is that Americans dependent on the programs cannot keep up with inflation.

Reagan and Social Spending. The open-ended growth of entitlement programs during the 1960s and 1970s led President Ronald Reagan to say that domestic spending had gotten out of control. Reagan believes that although government has a responsibility to help the "truly needy," it has been too generous with its money. In addition, he claims that waste and fraud plague federal social programs and that the high level of social spending drains the federal budget.

Great Society Today

A recent CBS-News/ New York Times poll asked people around the country, "Do you think President Johnson's Great Society programs generally made things better, worse, or do you think they didn't have much impact?"

Made Better	39%
Made Worse	18
Not Much Impact	18

The same poll asked people if they thought the government today should spend money on a similar effort to improve the condition of poor people in this country. Sixty-six percent said the government should do so while twenty-two percent thought the government should not.

To correct these problems and to promote economic growth, President Reagan asked Congress to reduce taxes and cut federal social spending, especially to Medicare, Medicaid, Aid to Families With Dependent Children, food stamps, and school lunch programs.

Critics of President Reagan's policies charge that the president is cruel and has pushed more and more people into poverty. However, the Reagan administration maintains that the government has not abandoned the "truly needy" and that his budget reductions encourage people to seek employment. Despite the budget cuts, most experts believe that the core of the New Deal and Great Society programs—social security, Medicare, and Medicaid—remains intact.

Entitlement Programs Today. Though spending on entitlement programs continues to be controversial, most major programs have survived the Reagan budget cuts.

Aid to Families With Dependent Children (AFDC). This program, created in 1935, is the one most often associated with the term "welfare," but it is only one of several welfare programs. AFDC payments go to low-income families with children under eighteen in which one or both parents are dead, incapacitated, absent, or unemployed. In practice, most payments go to single mothers. The federal government shares the costs of administering the AFDC program with the states.

Food Stamps. The federal food stamp program was instituted in 1964 under the auspices of the Department of Agriculture to ensure that poor people would have enough food to eat. Instead of providing money, the food stamp program supplies coupons, or *vouchers*, redeemable for food only. In fiscal year 1987, the food stamp program is expected to benefit more than 20 million Americans.

Government-Financed Health Care Programs. Medicaid, established in 1965 as part of the Great Society, provides the poor with free or subsidized medical care. Medicaid payments, which are funded jointly by the federal government and the states, total more than $43 billion and reach 22.5 million Americans.

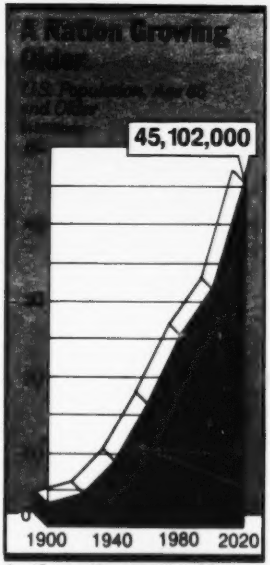
Medicare, also instituted in 1965, pays benefits to approximately 31 million elderly people. Medicare benefits are expected to total $74.9 billion in fiscal year 1987. (Medicare and Medicaid are discussed further in the Health Care chapter.)

Supplementary Security Income (SSI). This program, created in 1974, provides cash benefits for the blind, the disabled, the elderly, and others with low incomes. In fiscal year 1987, more than 4 million people will receive SSI benefits at a cost of about $11 billion.

Low-Income Energy Assistance. This program, instituted in 1980, provides funds to help the poor pay fuel bills for heating (in northern states) and air conditioning (in the Sun Belt). Congress is considering partially financing this program by using fines levied against oil companies for illegal overcharges.

Public Housing. Established in 1965, the Department of Housing and Urban Development (HUD) builds low-cost public housing, provides assistance to private companies that build low-cost housing, and subsidizes rent for people who need help paying their rent.

Job Programs. The Comprehensive Employment and Training Act of 1973 (CETA) provided job opportunities for teenagers, low-income persons with long-term employment problems, and unemployed people laid off during recessions. Following reports of fraud, abuse, and waste, Congress cut CETA's budget in 1981, but authorized money for the Job Corps, summer youth jobs, and joint programs with businesses to provide training.



As the nation grows older, the number of people receiving social security benefits will also increase. By the year 2020 it is estimated that more than 20 percent of all Americans will be age sixty-five or older.

Source: U.S. Bureau of the Census

The Reagan administration supports establishing a subminimum wage (i.e., lower than minimum wage) for teenagers. President Reagan believes that a subminimum wage would encourage employers to hire teenagers and give them the start they need in the job market. Supporters of this proposal say that because most teenagers live at home, they would not be hurt by a reduced wage and that provisions could be written into the law to punish employers who tried to replace older employees with "cheaper" teenage workers.

SOCIAL SECURITY
284-50-4292
MARY LOGAN

Social Security Card

The first social security cards, issued in 1935, were used solely to identify a person's private account number with the Social Security Administration. Since then, social security numbers have become part of a national identification system. Today, social security numbers are used for driver's licenses, student identification cards, hospital patient records, marriage certificates, and loan applications.

Social Security. Actually named Old Age, Survivors, and Disability Insurance (OASDI), social security is by far the largest social program. Created in 1935 by the Social Security Act, social security is a self-perpetuating trust fund with its own income. Every working person in America—except for railway and government employees, who have their own plans, and special types of workers who are not employed regularly—pays social security taxes. (A federal law passed in 1983 requires all *new* federal employees to pay into the social security system.) Social security is financed by equal employer and employee contributions. The system pays old-age and survivor benefits to retired workers and their dependents or to survivors of employees who have died. The amount recipients get is based on their average monthly earnings over a number of years.

In 1983, social security faced bankruptcy because of COLAs. But in the 1970s, oil shortages from the Middle East caused inflation to skyrocket. The automatic COLAs surpassed the taxes that financed social security. Faced with a shortage of funds, Congress passed a plan to refinance the system. Without the changes, the social security system would have run out of money for paying benefits by the middle of 1983.

To prevent bankruptcy, Congress voted to: (1) increase the payroll taxes paid by employers, employees, and self-employed individuals; (2) require new federal workers to pay social security taxes; and (3) tax the social security benefits of high-income retirees. Savings will be made by reducing benefits and by gradually increasing the age at which one becomes eligible for benefits, from 65 to 67 years, by the year 2027.

In 1987, social security will provide funds to 35.5 million retired and disabled people or their survivors at an estimated cost of $212 billion. By 1989, the Reagan administration projects that social security payments will reach nearly $250 billion.

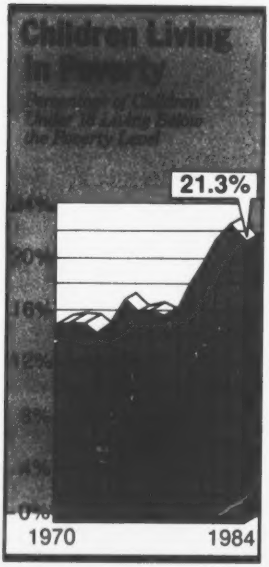
Current Issues

Budget Cuts: Who Has Been Hurt? Many people criticize President Reagan's economic plans for benefitting the rich at the expense of the poor and the middle class. Critics contend that the major weight of the president's budget-cutting has fallen on those least able to absorb the shock. Nearly 33 million people still live below the poverty line and need assistance. Budget cuts in nutrition, health, childcare, food stamps, and other family support programs are especially hard on children under the age of 18, 40 percent of whom live in poverty. Among blacks, the numbers are even higher—85 percent of America's black children live in poverty in single-parent households, headed by women under age 25. Critics of President Reagan's budget cuts claim that they hamper the chance that these children ever will break out of the cycle of poverty.

The Reagan administration maintains that the primary targets of budget cuts have been waste, fraud, and abuse and that the "truly needy" have not suffered. They note that because of Reagan's economic policies the poverty rate is actually going down, not up. According to the Bureau of the Census, the percentage of Americans living below the poverty level

The New Poor: Elderly Women

Of the 2.3 million people over the age of 65 living below the poverty line, 70 percent (1.6 million) are women. Nationally, women's salaries are substantially lower than men's, and so are their retirement benefits. Because of the lower benefits, many women find themselves with inadequate health care plans, insufficient social security funds, and low pension incomes after their spouses die.



Source: U.S. Bureau of the Census

The government reports that nearly 13 million children—or one in five—live in poverty in the United States. Estimates show that nearly 90 percent of these children live in families headed by a single woman under the age of thirty who did not graduate from high school.

dropped from 15.3 percent in 1983 to 14.4 percent in 1984. Reagan supporters also say that the poverty figures are not totally accurate because they do not take into account noncash benefits such as food stamps, housing, and school lunch programs.

President Reagan says that his budget cuts have been a necessary part of his plan to improve our national defense without raising taxes. He asserts that the "runaway growth" of social programs has been curbed, yet expenditures for domestic programs are still greater than they were in 1970. The working poor, who previously supplemented their income with welfare, have been weaned away from government benefits, and the cut in spending has resulted in lower inflation and a growing economy.

Vouchers. A voucher is a type of coupon or certificate that has been used widely in the food stamp program. Recipients use coupons to buy food, then grocers receive cash for the coupons from the government. The Reagan administration has proposed that vouchers be used for government-subsidized housing, medical insurance, and jobs for the poor and long-term unemployed. President Reagan has suggested that the poor could use housing vouchers to pay part of their rent. Health vouchers could be used to pay for private medical insurance, presumably at a lower cost than the government would spend on Medicaid or Medicare for the same services. Unemployed people could present job vouchers to prospective employers, who could redeem them for a cash bonus if they hired the person.

Vouchers appeal to both liberals and conservatives. Supporters say that the vouchers save the government money and that more people can be helped at a lower cost. Vouchers are considered better than cash because they cannot be used to buy nonessential items. Also, recipients can choose where and how to spend their vouchers. Supporters say vouchers allow people to shop for the most inexpensive goods and services and permit recipients greater dignity than living in public housing or standing in a food line. The private sector would play a greater role than the government in providing services, leading to greater economic competition and therefore reduced prices.

However, vouchers only work when an ample supply of goods to be purchased exists and when the structure for providing those goods is competitive. For example, some experts believe that housing vouchers will not work because housing is in short supply. Vouchers, unlike public housing programs, will not increase the supply of housing. Insurance companies doubt the feasibility of health vouchers. They say that Medicare and Medicaid are so large that they can provide services more cheaply than private insurance companies. Critics claim that job vouchers for the unemployed would attach a stigma to those who use them. Many believe the president's voucher proposal would only lead to a gutting of social programs.

Workfare. Since 1981, twenty states have implemented some form of workfare, and many others are considering similar programs. The Reagan administration supports workfare and has asked Congress to require all states to put able-bodied welfare recipients to work as a requirement for receiving benefits.

Proponents of workfare point to California's program, Greater Avenues for Independence (GAIN), as a model of success. All welfare recipients in California receive job training, remedial courses, and job counseling. Within three months, most clients find jobs. It is estimated that the program will save the state over $115 million in welfare payments by 1992. Proponents of workfare say that the program gives recipients a chance to pay society in return for welfare benefits. Workfare offers the poor the dignity of work and provides them with the opportunity to break out of the cycle of poverty. In addition, supporters of workfare claim that it keeps people who do not want to work from being supported by welfare.

Workfare Bandwagon

Some states have enacted programs that require welfare recipients to work for benefits. The concept of workfare is popular with state and local government officials and the Reagan administration. It now appears that the public as a whole has embraced workfare as a viable alternative to government handouts. A recent Gallup survey shows that 69 percent of those polled favor workfare while only 25 percent oppose the idea.

Critics charge that workfare programs are demeaning to the poor because program participants are forced to work at menial jobs that no one else wants. Most workfare jobs fail to teach valuable job skills or lead to permanent employment. Many people also object to workfare because it displaces other workers. According to the Worker Rights Institute in Milwaukee, Wisconsin, as many as 1,000 workers lost their jobs to workfare after that city implemented a program several years ago. In addition, some states have found the programs to be too expensive to operate. For example, officials in Texas decided against instituting a workfare program because they did not see how the cost of administration would offset the cost of start-up.

Social Security. Social security is a popular program that traditionally has been spared reductions in spending because of its success in helping both the elderly and the disabled meet their financial needs. Both Republicans and Democrats strongly support the system, and those receiving social security benefits have a great deal of political influence. Because of social security's popularity, President Reagan promised during his 1984 reelection campaign that he would not cut benefits to those now receiving them.

But social security is no longer immune to possible budget cuts. The federal budget deficit is so large that no government program is safe from congressional scrutiny. Since the 1984 election, President Reagan has said that he would go along with a cut in social security benefits if Congress presented him with a bipartisan reduction plan.

The most widely discussed plan in Congress is to freeze, or delay, cost-of-living adjustments (COLAs) for one year. The Congressional Budget Office estimates that this action will save nearly $6 billion the first year and about $27 billion over three years. But some members of Congress are unwilling to consider freezing social security benefits because COLAs are necessary to guard recipients against the ravages

SLASH
IN
SOCIAL
SECURITY
THREAT

Nearly 10,000 senior citizens from around the country gathered to protest proposed social security cuts outside the Capitol in 1981. Although the proposed cuts did not pass, Congress may again consider cutting social security benefits to reduce the federal budget deficit.

UPI/Bettmann Newsphotos

of inflation. They say that a freeze will push half a million older Americans below the poverty line and will strain the budgets of the 65 percent of the elderly who rely on social security as their main source of income. They also point out that benefits were cut in 1983 and that any new reductions would break the 1983 refinancing agreement.

Others in Congress are beginning to take an opposite view. They say that, in order to balance the budget, everyone—including social security recipients—will have to make sacrifices. These senators and representatives say that government employees and military retirees have had their cost-of-living increases frozen recently. They claim it is unfair to freeze benefits for some groups but not for others.

Many young people are also dissatisfied with the present social security system. They say that too much money is being paid out now, and they resent the high social security taxes they must pay. They fear that the fund will be used up by the time they retire and that they will never see the money they paid into the system. The elderly respond by saying that they are entitled to their benefits. They paid into the system throughout their careers and are just now receiving their just rewards.

What Types of Programs Should Government Provide to Citizens? Before social programs were created, people who were not self-supporting relied primarily on their families to take care of them, or else they went to private charitable institutions. Conservatives argue that families and private charities are still the best avenues for helping the needy. They believe that government welfare programs have disrupted the traditional family unit. Both conservatives and liberals note that current government regulations penalize families who want to take care of elderly or terminally ill relatives at home. These families receive less financial assistance than they would get if their relatives were treated in nursing homes. Critics also say that AFDC regulations encourage fathers to leave low-income households by giving single mothers a relatively high level of government aid.

Advocates of government-backed welfare programs disagree that welfare programs have disrupted the traditional family unit. They say that social security and other social programs allow people to live independent lives. They maintain that the "good old days," when families and private charities took care of the poor, were not so good. For instance, private charities never could take care of everyone's needs adequately, and many people did not have relatives to take them in. Conditions in some underfunded institutions were horrible. As a result, poor people in the nineteenth and twentieth centuries were much worse off than they are today.

Some people say that welfare has institutionalized poverty by making it easier to survive without working, thus sapping people of the incentive to find jobs. Critics of welfare say that this threat becomes especially severe when people earn as much from unemployment as they do by working. Cutting benefits makes working more attractive and gives individuals greater incentive to work.

Many defenders of welfare note that Americans are willing to work, but that jobs are not available to everyone. Welfare payments serve as a safety net, temporary help for people until they can find employment and support themselves. Welfare, defenders argue, is essential to help less fortunate individuals survive. President Reagan says that he does not want to eliminate welfare programs altogether; he just wants to ease off of the welfare rolls those people who are capable of making it on their own.

Outlook

Controversy over social spending will continue to mark President Reagan's term in office. The budget deficit is so massive that drastic spending cuts must be made in government expenditures. The question is—where? President Reagan wants to cut social programs because he believes they have been overly generous, are often counterproductive, and have helped drain federal revenues. But further reductions in social spending will not be easy. Members of Congress, many of them worried about their own reelection campaigns, will fight Reagan's budget reductions on the grounds that the poor, the elderly, the disabled, and the unemployed already have sacrificed more than their fair share and that other programs, especially defense, should be cut first.

Debate Social Programs

Does the Federal Government Provide Enough Aid for the Truly Needy?

PRO

Fraud and abuse have plagued welfare programs. The lower budget merely accounts for the overwhelming impact that fraud has had on the system. Reductions in spending will force the government to scrutinize carefully who gets money and who does not. Benefits to the truly needy—the disabled, the elderly, and the sick—need not be cut.

CON

The Reagan administration greatly overestimates the amount of fraud in social welfare programs. Budget cuts have hurt the truly needy more than they have hurt the few who abuse the system. Our country is the richest in the world, and we have a moral obligation to help the poor, the elderly, and the disabled.

Should a Voucher System, Such as Food Stamps, Be Instituted for Housing and Medical Insurance?

PRO

Vouchers can provide government support to the poor without stripping them of their dignity. Vouchers already have proved their worth in the food stamp program by allowing people to purchase the food they choose at the grocery store instead of lining up at a soup kitchen. An expanded voucher program would let recipients choose which house or apartment to rent and which type of health insurance to purchase. And best of all, the main provider of services would be the private sector instead of the government.

CON

Before the government dismantles the social programs now in place, it should find out whether vouchers would indeed provide better service. Although vouchers have worked with food, it is unlikely that they would work as well in other public assistance programs. For example, vouchers would not ensure that the poor would get adequate housing. Moreover, one should not assume that the private sector can do everything better than the government. Even the insurance industry says it cannot provide extensive medical coverage as efficiently as Medicaid or Medicare.

Should Social Security Benefits Be Frozen?

PRO

Every federal program, including social security, must make sacrifices to help reduce the budget deficit. A social security freeze would not cut benefits; it would merely delay cost-of-living increases by one year. Experts predict that a freeze could save $27 billion by 1990—a significant start on reducing the debt—and lead to a healthy economy that will serve the elderly and disabled better than increased social security payments.

CON

A "freeze" is another name for a *cut* in social security benefits. Denying COLA increases to the elderly and disabled leaves them with less money than they had the year before. Half a million people will be pushed below the poverty line, and many more will face severe financial strain. Social security is not funded through general tax revenues. Budget cutters should look at other programs, particularly defense, if they want to slash spending.

Should Workfare Be Required for All Welfare Recipients?

PRO

It is not fair to expect the public to pay welfare to people who are perfectly capable of working. Welfare recipients should be required to spend some of their time working for the good of society. There is no shortage of work to be done. Most communities need people to clean up litter, to help out in day-care centers, or to write traffic tickets. Jobs would help welfare recipients regain their self-esteem.

CON

Workfare is demeaning. The welfare recipient is forced to do menial labor—without salary—in exchange for welfare benefits. Workfare jobs tend to be menial, make-work jobs that do not train people for permanent employment. Moreover, workfare takes jobs away from other workers since communities do not have to pay regular salaries to workfare participants.

Health Care

Last year, a man walked into a private hospital in Chicago, complaining of chest pains. The doctors and nurses were ready to treat him, but hospital administrators wanted to know if he had medical insurance. He did not. The hospital refused to admit the man, gave him a dollar, and put him on a bus to another hospital. At the county public hospital, internists saw signs of a severe heart attack and gave the man prompt medical treatment, possibly saving his life.

"Dumping" patients from one hospital to another has become so serious that, in 1986, Congress passed legislation prohibiting hospitals from turning away patients. But "dumping" is just part of a continuing health care crisis in the United States. Despite increased spending for government-financed health care, some 35 million Americans have no medical insurance, and millions more have inadequate coverage. These numbers will probably increase in the years ahead if the cost of health care continues to rise much faster than the rate of inflation. Such a rapid rise threatens everyone, but it is particularly hard on the poor, the disabled, and the elderly.

Most policymakers agree that nobody should be denied medical treatment because of their income, and they are seeking ways to lower the cost of health care. But they disagree about the best way to do this.

Key Questions

- Should every person be guaranteed medical care—regardless of their ability to pay?
- Why is the price of medical treatment rising so quickly?
- Can inflation of health care costs be brought under control?
- What is the best way to ensure that everyone receives adequate health care?

Background

The Push for National Health Insurance. Millions of Americans do not receive adequate health care, particularly if they are poor, disabled, unemployed, or elderly. Many cannot afford private medical insurance and do not qualify for government programs such as Medicare and Medicaid. Some of those who have insurance discover that they cannot afford the *deductible* (the amount of money patients must pay before their insurance coverage begins), and so they do not seek medical treatment. And without treatment, their health often deteriorates, leading to serious consequences. Many people believe that the government should ensure that everyone receives adequate health care. But others say that health care is a private responsibility. The debate over government-financed health care has been going on for more than seventy years.

During the first half of the century, many people had difficulty finding adequate, affordable health care. In 1912, former President Theodore Roosevelt recommended that national health insurance be provided for all Americans. In 1935, President Franklin Roosevelt considered making national health insurance a part of social security—a new program to provide monetary assistance to the elderly. President Roosevelt later dropped this idea because he was afraid that a health insurance plan might hurt the chances of congressional approval of a social security act. National health insurance did not become an issue again until after World War II. President Harry Truman believed that "financial means should not determine the quality and quantity of medical services a citizen receives." He advocated passage of a comprehensive federal insurance program, but Congress blocked this effort. Critics of Truman's plan said it would be a federal "giveaway" to help those already well off.

After Truman's plan for comprehensive health insurance failed, he decided to go after national insurance in stages. In 1952, he introduced a plan that would have provided health care for just the elderly. But when Dwight Eisenhower became president in 1953, the proposal was shelved. In 1958, interest in health insurance for the elderly renewed, and an intense seven-year debate over national health care began.

Health Care and the Great Society. During the mid-1960s, President Lyndon Johnson introduced many civil rights and social programs designed to eliminate poverty and help bring economic equality to all Americans. The capstone of Johnson's Great Society was the introduction of government-financed health care—*Medicare* and *Medicaid*—in 1965. These programs served the most vulnerable segments of society—the elderly, the disabled, and the poor.

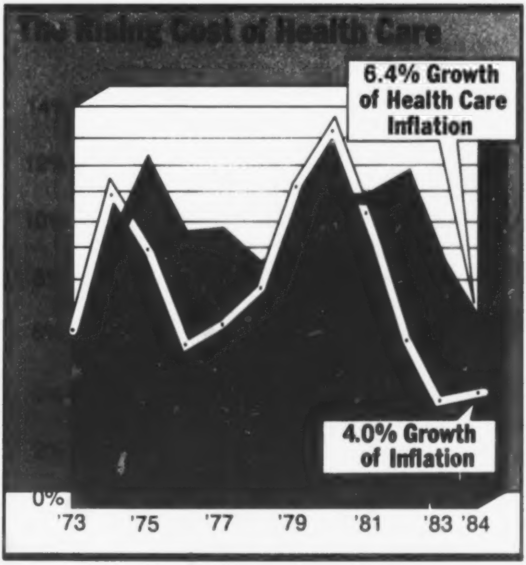
Medicare. Today, roughly 31 million people benefit from Medicare. The Medicare program consists of two parts. The first part, hospital insurance, pays for hospital care and up to 100 days of nursing care. Each working person in America pays a special payroll tax to fund hospital insurance. All elderly recipients of social security, retired railroad workers, and disabled persons are entitled to Medicare coverage, although they must pay an annual fee to the government if they use Medicare. They may also have to make additional payments to their doctors or hospitals to help meet costs. The second part of Medicare, supplemental medical insurance, covers 75 percent of doctor fees, laboratory tests, and other medical expenses. This part is optional, and beneficiaries must pay a monthly premium to be eligible. Medicare does not pay for eyeglasses, dental work, drugs, or long-term nursing care.

The Medicare Dilemma. Medicare is faced with a dilemma. On the one hand, it spends too much; on the other hand, it does not spend enough. Each year, Medicare spends more and more money. Between 1970 and 1982, government spending on Medicare increased 18 percent per year. Despite increases in payroll taxes, revenues have not kept up with spending. The Congressional Budget Office has predicted that the hospital insurance part of Medicare will go bankrupt by the early 1990s unless drastic action is taken.

On the other hand, Medicare does not spend enough money. Over the last five years, the government has reduced Medicare benefits to patients, requiring recipients to pay almost $500 a year to meet the deductible. The government has also limited the amount of money it will pay to doctors and hospitals for certain treatment and tests. Many doctors and hospitals now charge patients more than the amount Medicare will cover, and some doctors refuse to treat some patients at all because Medicare reimbursement is too low.

Medicaid. Medicaid is a joint federal and state program to help the poor pay for health care. Although the federal government funds roughly 55 percent of Medicaid, each state establishes its own eligibility requirements, based on income, and administers the program. Medicaid pays for hospital care, long-term nursing care, doctor fees, laboratory tests, and x-rays. Many states have cut Medicaid services to reduce budget costs, and some patients are discovering that Medicaid benefits do not cover all their medical bills.

Rising Health Care Expenditures. Over the last two decades, the cost of health care has increased much faster than the rate of inflation for all goods and services. When Medicare and Medicaid were introduced in 1965, spending on medical services—by the government, private insurers, and patients—totalled more than $41 billion, of which the federal government spent $1.7 billion. By 1984, health expenditures hit $387 billion, of which the federal government spent $101 billion, mostly on Medicare. Some



Source: Congressional Research Service and Statistical Abstract of the United States: 1985

Millions of Americans can no longer afford the high cost of medical treatment. Federal and state policymakers are searching for ways to reduce health care inflation and to extend medical coverage to all Americans.

experts predict that total health expenditures will hit $690 billion by 1990.

Two major developments have fueled the increase in health care costs: (1) the expansion of a system in which patients do not pay their own medical bills, and (2) the development of expensive new medical technologies. Some health care experts believe that the greatest spur to medical inflation has been the development of a system in which private insurance companies and the government pay for most health care services. Most insurers, including the government, usually cover 90 percent of patients' hospital costs and 80 percent of doctor fees. Most insurers also use an "after-the-fact, fee-for-service" payment policy. Under this policy, hospitals and doctors submit their bills directly to the insurance company and are reimbursed for most of their costs. This method of payment has allowed some doctors and hospitals to charge high prices and to perform a large number of diagnostic tests in order to collect more money. (Some doctors have even submitted bills for services that were never provided.) In general, patients have not been concerned about the cost of health care because they trust their doctors' judgment and because they know their insurance will cover it.

The development of new technologies has also increased the cost of health care substantially. New medical equipment is expensive and requires the use of highly trained, high-salaried personnel. Many local hospitals purchase the same expensive equipment and duplicate many services. These added costs are usually passed on to patients and their insurers. Recent developments in medical technology have also prolonged life, adding to overall spending. For example, 30 percent of all Medicare spending occurs during the last year of a patient's life; half of that is spent during the last sixty days. Some experts wonder how long—as a society—we can afford to keep people alive.

Malpractice and Patients. In recent years, insurance rates for doctors have sharply increased. Doctors claim that malpractice suits—brought by patients against their doctors for allegedly improper care—are driving up their insurance rates to a point where they can no longer pay their premiums. The number of patients suing their doctors tripled in the last decade, and the average monetary award in malpractice lawsuits increased more than 250 percent.

Many people believe that the rise in insurance rates boosts patients' costs and threatens the quality of medical care. Many doctors pass on their rate increases to patients in the form of higher fees. Some doctors now order a large number of diagnostic tests to protect themselves against potential lawsuits. Such tests add $15 billion to $40 billion to health care costs every year. Particularly vulnerable are obstetricians, many of whom are quitting their practices because the cost of insurance is too high. For example, the American College of Obstetricians and Gynecologists reports that 12 percent of its members no longer deliver babies. And in North Carolina, one-half of all family doctors have also stopped delivering babies. As a result, some patients are having difficulty finding doctors to treat them.

The Patient's Role in Health Care. Many experts say that patients should assume more responsibility in reducing their personal spending for health care. Currently, 97 cents out of every dollar Americans spend on health care goes for the treatment of disease. Only 2.5 cents goes for preventive care such as annual physical checkups and immunizations. (The other 0.5 cents is spent on educational programs to teach people how to stay healthy.) Experts believe that patients can lead healthier lives and reduce the amount of money spent on medical treatment by taking better care of themselves—for example, by exercising, controlling their diet, not smoking, and abstaining from alcohol. Experts also recommend that patients become more involved in medical decisionmaking by being informed and by seeking second opinions—especially when surgery is recommended.

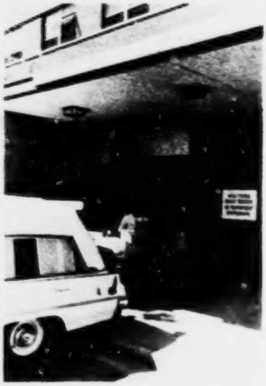
Courtesy of American Public Health Association

Today, more Americans realize the importance of preventive care. By exercising, watching their diet, and undergoing periodic checkups, many people are reducing the need for costly medical treatment.

Current Issues

Is Health Care a Right? Should the federal government provide health care for all citizens? Many national leaders believe that it should. They say that health care is not a product like a car or a television set, but a necessity, and that the government should ensure that everyone receives adequate health care. They point out that the United States and South Africa are the only industrialized nations in the world that do not guarantee their citizens health care.

Some proponents of a greater role for government in health care want a national insurance plan. Such a plan would give everyone access to



Courtesy of American Public Health Association

Many privately owned hospitals routinely transfer patients who do not have health insurance to public hospitals. The growing problem of "dumping" patients has overburdened public facilities and led to a decreasing quality of care for the nation's poor.

medical treatment because the government would pay patients' medical bills. But supporters of national health insurance disagree over how much coverage the government should provide. Some believe that the government should continue the Medicaid and Medicare programs, but that it should extend coverage to people who run up high hospital costs—for example, bills for more than $3,000—or who need treatment for catastrophic illnesses—such as major surgery or cancer therapy.

Other proponents want to expand the government's role so that everyone receives government-financed medical insurance. A percentage of the individual's income would determine payment for coverage. Some advocates want the government to underwrite medical coverage completely as is done in Great Britain and Canada. The program would be financed through payroll taxes and general tax revenues.

Critics of national health insurance say that the government cannot afford the huge cost of such a program. They argue that the federal government already faces a massive debt, and American citizens do not want higher taxes. They point out that more than 80 percent of the population is already insured for hospital costs and that a new national plan would only divert federal resources from other projects. Critics also claim that the government already supports a form of national insurance by subsidizing employers' health insurance policies for employees. They believe that the government is already too involved in people's personal lives and should not be making medical decisions for them, too.

Restraining Government Spending. President Ronald Reagan is trying to slow the rising costs of Medicare and Medicaid, which now cost the government more than $95 billion a year. He says that the federal government no longer can afford such massive expenditures for health care and that spending on Medicare and Medicaid must be brought under control. In his budget for 1987, President Reagan proposed restraining Medicare spending to a 2.2-percent increase and limiting, or *capping*, federal contributions to Medicaid.

Opponents of President Reagan's proposals say that the measures are actually budget cuts because inflation reduces the amount of services each dollar buys. They also point out that the elderly population is increasing and that Medicare and Medicaid funds no longer cover as many people as before. Critics believe that many people "fall between the cracks"—receiving no medical care whatsoever—whenever government spending is reduced.

Reducing the Cost of Health Care. A number of proposals have been introduced to reduce the cost of health care. Recently, the government instituted a system called *diagnosis related group payments* (DRGs), which limit the amount paid for specific treatments and diseases to a fixed fee. Several states have instituted similar systems. Supporters say DRGs will reduce health care costs because hospitals—and doctors with patients in hospitals—will stop administering tests that are by and large unnecessary once the government stops paying for them. Critics say that DRGs and similar fixed-rate schedules force hospitals to cut back on services they provide to patients.

C.A.P.
GHA DOCTORS ON STRIKE
For Quality Medical Care
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Close Up Foundation

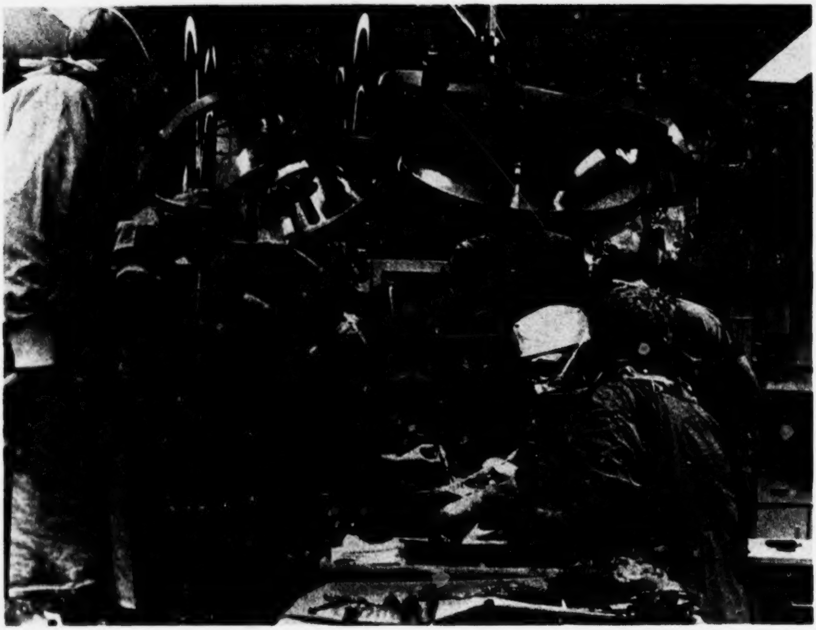
During the last few years, groups of doctors formed thousands of health maintenance organizations (HMOs) across the nation. But along with cheaper rates and the ability to offer many services under one roof, HMOs are experiencing growing pains. Here, HMO doctors picket an HMO in Washington, D.C., protesting their daily workload.

They also charge that some patients are being released before they are fully recovered in order to save money.

Another proposal to reduce health care costs entails increasing competition among hospitals. Traditionally, hospitals have not had to make a profit, instead relying heavily on charities and local government subsidies for support. But today, large corporations own and operate many hospitals. Corporate leaders say that their hospitals are more efficient and less expensive to operate than are community hospitals because they are more concerned with cost control and can buy their supplies in huge quantities. Another innovation is the development of health maintenance organizations (HMOs). HMOs offer a wide range of medical services in one location and charge patients a fixed annual fee to cover all their medical needs. Critics contend that corporate-owned hospitals do not provide enough *uncompensated*, or free, care for patients who are unable to pay. This puts an unfair burden on community hospitals, which are forced to take patients who cannot pay. HMOs are also criticized for being too concerned with controlling costs and not offering high-quality medical care.

The Malpractice Crisis. This year, American doctors will pay $4 billion for medical malpractice insurance. Doctors in high-risk specialties such as obstetrics have been especially hard hit. Their premiums have gone up more than 30 percent every year for the last decade. These increased costs are passed on to patients through higher doctor fees and additional diagnostic tests. Doctors also say that costly malpractice insurance adversely affects the traditional patient/doctor relationship because many doctors now regard each patient as a potential lawsuit. As a result, some doctors are abandoning their medical practices altogether.

More than thirty-five states are considering laws that would limit the amount of money awarded to patients in malpractice suits. In 1984, the average jury award was $338,000.



Courtesy of American Public Health Association

During the last five years, the cost of malpractice insurance for physicians skyrocketed. In response, many doctors have passed their insurance costs on to their patients, reduced their patient load, and even quit their practices.

States are also considering limiting the amount of money that lawyers can earn from malpractice cases. Lawyers usually earn 30 to 40 percent of the patient's award, but receive nothing if they lose the case. Some doctors accuse lawyers of seeking outlandish settlements so they can line their own pockets.

Many patients and lawyers believe that the crisis in malpractice insurance is overstated. They say that the number of cases has increased because doctors are making more mistakes. Some claim that filing malpractice suits is the only way patients can be compensated for improper care. They point to examples of substandard care that have led to brain damage in babies and other tragedies. In fact, they claim that most victims of malpractice are not compensated.

A Doctor's Duty and the Right to Die. No one doubts that recent advances in medical technology have increased the cost of health care. Some people feel that the cost is worthwhile because lives are being saved. Organ transplants are commonplace, dialysis is available for kidney failures, respirators keep people breathing when their lungs fail, and machines are replacing diseased hearts.

But some people believe that technological advances have come at too high a cost. Using every means available to keep patients alive, doctors sometimes prolong pain and suffering and create a severe financial strain on patients' families. Many people believe that modern medicine is tampering with nature and that, instead of prolonging life, modern machines prolong dying. They argue that patients should not be kept alive when they have a terminal illness or irreversible brain damage.

But health care professionals are trained to keep patients alive at all costs and to give them the best treatment possible. They say that shutting off a life-support system constitutes murder. In such cases, doctors may be sued for wrongful death or even charged with murder. For these reasons, they believe that nature, not humans, should decide the moment of death.

Outlook

The government and private industry are searching for ways to cut the cost of health care. Increased competition (such as corporate-owned hospitals) and government spending limits have had some success. Whether these measures will continue to help remains to be seen, since the cost of health care is still rising much faster than the price for all other goods and services. But such measures could mean that fewer people will be able to get medical treatment, because care increasingly will be available only to those who can afford to pay for it. Such a situation would only worsen the problem of health care in the United States.

The Debate Health Care

Should the United States Adopt National Health Insurance?

PRO

Thirty million Americans do not have health insurance, and millions more have inadequate coverage. A national health insurance plan would correct this by making medical care available to all. A national plan would control rising health care costs and coordinate medical planning. And national insurance would cost less overall than the present system.

CON

A national health insurance plan is not necessary. More than 80 percent of all Americans are covered by insurance plans, and those who are not covered would be best served by increasing competition in the health care industry and selected government regulation. National insurance would drain the federal budget, raise taxes, and lead to government intrusion in sensitive medical decisions.

Would Increased Competition in Health Care Bring Costs Down?

PRO

Competition in the health care industry will reduce costs because everyone will be allowed to make their own decisions concerning health care. Consumers will pick the most cost-efficient program for their needs. Suppliers of health care—such as insurance companies and corporate-owned hospitals—will compete with one another to offer quality service at reduced rates.

CON

Adequate health care for all cannot be provided in a free marketplace. Purchasing health care is not the same as buying a car or a pair of shoes. People who are sick do not shop around for cheap doctors and hospitals. Rather, they depend on their doctors to make the best possible medical decisions. The best way to control costs is through improved government regulation and close monitoring of medical fees.

Should Medicare Payments Be "Frozen" at Current Levels?

PRO

The federal deficit is immense, and the government must do all it can to control spending. The sacrifice for Medicare recipients will be small. Medicare payments will not be reduced, only frozen at present levels. This freeze will save the government billions of dollars and help slow the yearly rise of spending for health care.

CON

A "freeze" in Medicare payments is actually a budget cut. Although Medicare payments will not change, medical costs will continue to increase. Many of the nation's elderly live on limited incomes and cannot afford higher health care expenses. Freezing Medicare payments will only make their situation worse.

Immigration

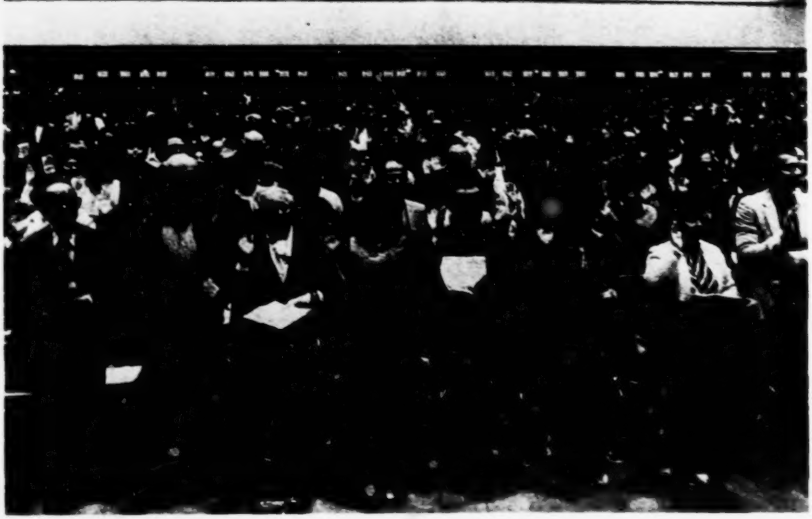
On June 17, 1885, the French freighter *Isere* sailed into the New York harbor. The ship was carrying a gift from France to the United States as a token of friendship between the two nations—a 151-foot copper statue named "Liberty Enlightening the World." Designed by sculptor Frederic Auguste Bartholdi, the statue was modeled after a Greek goddess. Broken chains at her feet symbolized freedom, and a torch in her upraised hand was to lighten the world with the glow of democracy. Constructed on a platform in the harbor, the statue was the first sight of America for millions of immigrants who would pass by her in the coming years. Poet Emma Lazarus inscribed her poem *The New Colossus* at Liberty's feet:

> Give me your tired, your poor,
> Your huddled masses yearning to
> breathe free,
> The wretched refuse of your
> teaming shore.
> Send these, the homeless, tempest-tost
> to me
> I lift my lamp beside the golden door.

More than half of all Americans have ancestors whose first glimpse of America was the Statue of Liberty. Recently, this symbol of the immigrant experience has undergone a massive renovation in celebration of its one hundredth anniversary. Some people say that, just as this monument has been restored, the immigration policies of the United States also must be reexamined. The door of immigration should be opened wide to the thousands who suffer each year from war, economic hardship, or political persecution in their native lands. Others contend that such unlimited immigration is dangerous to American jobs and the American "character." They contend that legal immigra-

Key Questions

- Should people be denied entry into this country because their political views are different from those of most Americans?
- Should all immigrants be required to speak English?
- Should illegal aliens now living and working in the United States be granted amnesty?
- Why has the "open door" immigration policy of the United States been closing slowly over the years?



The promise of America—more than 4,000 new Americans take the oath of citizenship at a swearing-in ceremony in Los Angeles. The Immigration and Naturalization Service estimates that nearly 200,000 people were granted citizenship in 1985.

UPI/Bettmann Newsphotos

tion must remain restricted and our borders made secure in order to enforce immigration laws. However, both sides agree that current immigration laws must be reformed to keep alive the hope and the dream embodied by the Statue of Liberty.

Background

The Days of Unlimited Immigration. At first, the United States opened its doors to any healthy person, especially Europeans. That policy, coupled with poverty and religious persecution in Europe and rumors that American streets were paved with gold (a myth perpetuated in Europe by some steamship companies), resulted in a large-scale exodus of Europeans to the United States from the mid-1800s until the 1920s. Many of those immigrants played an important role in the cultural development and economic growth of our nation.

Chinese Exclusion Act of 1882. This act, which suspended immigration from China for sixty years, marked the first time that the United States closed its doors to any group. This act was supported by Californians who resented the large number of Chinese immigrants working for low wages in their state.

The Gentlemen's Agreement of 1907. During the early 1900s, the forced segregation of Japanese immigrants in California schools was a sore point in U.S.-Japanese relations. To ease the tension, the United States negotiated an informal "Gentlemen's Agreement" with the Japanese. We promised to desegregate California schools in return for a Japanese promise to stop the flow of Japanese laborers into the United States.

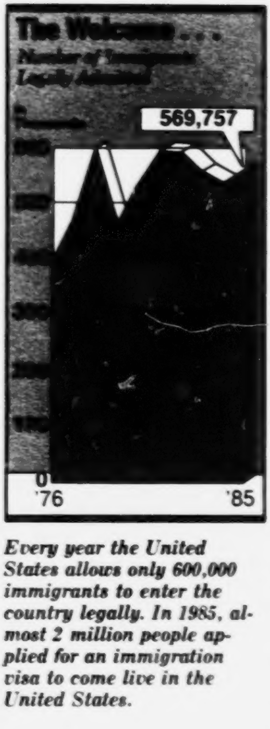
Quotas. During the first twenty years of this century, immigrants from southern and eastern Europe were crowding into America's largest cities. These immigrants were thought to threaten the rising standard of living in America because they were willing to work long hours for little pay. In addition, World War I and the anti-Communist movement that followed caused some Americans to suspect anyone who seemed particularly "foreign." They believed that these new immigrants were racially inferior to people of northern European descent and therefore would be less able to learn English and *assimilate*, or blend into, American culture. As a result, many Americans resented the new immigrants and called for limits to further immigration.

The first immigration laws were designed to preserve the racial, religious, and ethnic composition of the United States. Immigration from Germany, Great Britain, and Ireland to the United States was encouraged because natives of these countries seemed more likely to assimilate. Immigration from eastern and southern Europe was discouraged.

Congress wrote the first quota law in 1921. Previous patterns of immigration determined the quotas. Annual immigration to the United States from any given country was limited to no more than 3 percent of the number of people from that country living in the United States when the 1910 census was taken. For example, if the census showed that ten thousand German immigrants were living in the United States in 1910, the 1921 quota would have been three hundred Germans.

Congress tightened the restrictions in 1924. The new laws used the 1890 census instead of the 1910 census, and allowed only 2 percent of each national group into the country. Use of the earlier census figures sharply restricted the number of eastern and southern Europeans who could enter since most only came to the United States in large numbers after 1890.

The National Origins Act of 1929 changed the formula again. A response to prejudices of the time, this act sharply limited immigration by those of "less desirable" heritage. Of the annual quota of slightly more than 150,000 immigrants, 70 percent were allowed to come from Germany, Great Britain, Ireland, and Scandinavia. The remaining 30 percent were limited to countries in southern and eastern Europe.



Source U.S. Immigration and Naturalization Service

Every year the United States allows only 600,000 immigrants to enter the country legally. In 1985, almost 2 million people applied for an immigration visa to come live in the United States.

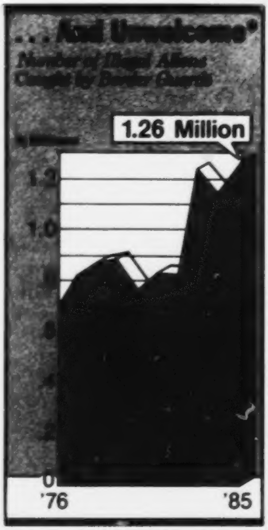
Displaced Persons Act of 1948. World War II left millions of people homeless. In his 1947 State-of-the-Union address, President Harry Truman encouraged Congress to admit a larger number of immigrants. In 1948, Congress passed the Displaced Persons Act, which took in some of the homeless. However, the law was criticized fiercely by some because it hindered immigrants by requiring each to pass a security check and to be assured of employment and housing that would not displace U.S. citizens.

McCarran-Walter Act of 1952. The McCarran-Walter Act, which revised the 1929 National Origins Act, tightened controls over aliens and immigrants by adding ideology to nationality as a criterion for admission to the

United States. Passed as part of the "Red Scare" of the 1950s, the law (some sections of which are still in effect) sought to weed out people with even marginal communist backgrounds or sympathies. One of its most controversial provisions states that the Immigration and Naturalization Service must keep a listing (known as the *Lookout Book*) of any foreigners who "might endanger the welfare, safety, or security of the United States" because of their past or present political views or actions. In 1985, the law was used to prevent Canadian author Farley Mowat, a vocal critic of U.S. nuclear and environmental policies, from crossing the U.S./Canadian border. The *Lookout Book* currently lists over 50,000 suspected spies, anarchists, or communists who are not allowed to enter the United States.

1965 Immigration Act. The basis of current immigration law, this act represented a major reform of all previous immigration statutes. The act abolished the quotas that discriminated among nationalities, substituting an overall quota of 170,000 non-Western Hemisphere immigrants. It gave preference to applicants who had professional qualifications or special labor skills, were related to U.S. citizens, or had need for political asylum.

The act also limited immigration from countries in the Western Hemisphere for the first time to 120,000 annually. Latin Americans had been drawn to the United States for some time because of our booming postwar economy and their countries' deep poverty. The American Legion, the American Coalition of Patriotic Societies, and others backed the limitation as a response to the upsurge of immigration from the Western Hemisphere into the United States. However, the limitation created a serious illegal immigrant problem. Before 1965, thousands of jobs requiring cheap labor were filled by immigrants from Mexico and Central American countries who needed only to apply for temporary or permanent visas to be admitted legally. After 1965, however, with limita-



Source U.S. Immigration and Naturalization Service

The number of illegal aliens apprehended by U.S. border patrols has risen dramatically over the past several years. However, experts estimate that only half of all illegal immigrants are ever caught.

Photo courtesy of the U.S. Border Patrol

A U.S. immigration patrol inspector checks work permits of field workers in California. Many illegal immigrants enter the United States during the harvest season to work in the fruit and vegetable fields of the southwest.

tions in place, most have been living and working in the country illegally.

Illegal Aliens. For many of the world's people, the United States symbolizes opportunity and freedom. The people of Latin America are no exception. Immigration quotas allow some Latin Americans to enter the United States legally, but many more come illegally. Authorities estimate that more than 1 million illegal immigrants enter the country every year. Many work in low-paying, unskilled jobs such as weeding and harvesting crops or busing tables in restaurants. Although it is illegal for these immigrants to work in this country, it is not illegal for employers to hire them.

Some people say that the United States exploits illegal aliens. Because they have no legal status, they are often paid salaries below the minimum wage. Many illegal immigrants are afraid to complain about low wages or harsh working conditions because they fear that their employers will report them to immigration officials. But even working below minimum wage, illegal aliens can prosper here, earning much more than they could in El Salvador, Haiti, or

UPI/Bettmann Newsphotos

Suspected illegal aliens cross into Texas at the Mexican border. Each day, thousands of Mexicans hide in the bushes south of the Rio Grande waiting for a chance to come to the United States.

Mexico, where incomes average from $300 to $2,250 per year.

War and political oppression in Latin America also bring hundreds of thousands of illegal aliens into the United States every year. Some U.S. church groups have given sanctuary to illegal aliens fleeing oppression in their home countries. Church leaders argue that these people are actually political refugees and that the United States is unjustified in refusing to admit them.

Refugees. A refugee is generally thought to be someone who flees war or political oppression. The Refugee Act of 1980 formally defined a refugee as someone who flees a country because of persecution "on account of race, religion, nationality, membership in a particular social group, or political opinion." In recent years, some people have tried to widen the definition to include people fleeing severe economic misery.

The 1980 Refugee Act opened the door to 50,000 refugees each year plus any group of refugees that the president decides to admit in emergencies. The act represented a major change in immigration policy. Prior to 1980, only a special act of Congress could admit groups of refugees. Most often, Congress admitted refugees fleeing communism. For example, Congress passed special laws to admit Hungarian nationalists who fled their country after the Soviet Union crushed an attempted revolution in 1956. Some 445,000 Cubans fled their country after communists took power in 1959, and 565,000 Indochinese refugees fled South Vietnam after the government came under the control of communist North Vietnam.

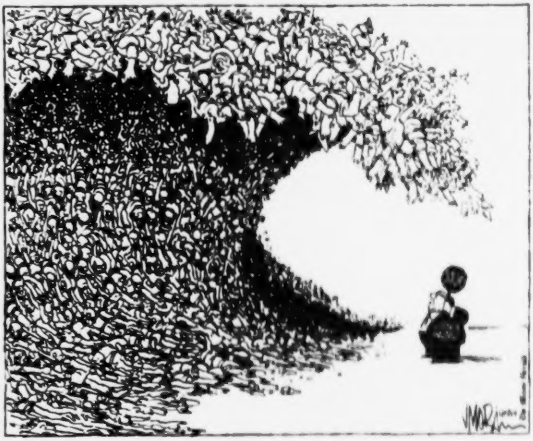
Current Issues

Should the United States Tighten Immigration Restrictions? Congress again is considering legislation that would overhaul the nation's immigration laws. Many people say that the United States should try to restrict further immigration into this country for economic reasons. But critics of tightening restrictions claim that economic arguments can sometimes hide an underlying racism among some Americans. Some of the issues surrounding this legislation concern the protection of American jobs and culture and the environmental consequences of an ever-increasing population.

Do Immigrants Take Jobs Away From U.S. Citizens? Those who support restricting immigration maintain that the United States cannot absorb more immigrants. Advocates of restrictions believe that newcomers take jobs away from Americans because they increase the overall work pool and work for lower wages than will native-born Americans. Critics of this view argue that immigrants are important because they are willing to take jobs, such as janitorial work, that many native-born Americans sometimes turn down. Moreover, critics say that today's immigrants are like the immigrants who arrived at the turn of the century;

they come here with the will to succeed and usually do, soon becoming employers themselves.

Will Immigrants Blend In? The great increase in arrivals from developing countries, especially Latin America and Asia, has brought dramatic changes to certain regions. For example, Spanish has become a major language in the Southwest and in Miami, Florida. It is spoken on the streets and in public schools and is broadcast over Spanish-language television stations, displayed on billboards, and required on election ballots. Some people resent the prevalence of Spanish-speaking persons in their communities. They believe that English is the language of the United States, and therefore immigrants should learn it and use it. Some people argue that restrictions on immigration are necessary simply to maintain America's national identity and to prevent immigrants from importing the same social and economic problems that exist in their native countries. Opponents of this approach consider these ideas to be racist and immoral. These critics point out that the addition of people from other cultures has enriched the United States over the years. They point to the many immigrant groups who have done very well for



copyright © 1984, The Miami Herald, reprinted with permission themselves. For example, the Vietnamese boat people have been highly successful in retail enterprises, and their children have performed exceptionally well in American schools.

Could the United States Become Overpopulated? Some groups oppose increased immigration because they fear it might overpopulate the United States. Based on current rates of immigration, they say that the population of the United States could double in forty years. Such an increase could have serious economic and environmental consequences. Pressures for industrial development would increase, as would demands for food and certain natural resources. The consequences would be far-reaching. For example, if domestic food consumption increased, the amount available for export would decrease, and this decrease would affect international trade.

Illegal Immigration. In 1985, Immigration and Naturalization Service agents apprehended over 1.2 million aliens trying to cross the U.S.-Mexican border illegally, as compared to 820,000 aliens arrested in 1982. However, immigration officials admit that they lack the staff to shut the door tightly. Some immigration agents estimate that they catch only 20 percent of those entering the country, or at best, one in three. These estimates could be somewhat inflated because some aliens get caught trying to enter more than once in the same day.

Congress is considering legislation to relieve the illegal alien problem. Some of the ideas being considered include sanctions against employers of illegal aliens, a guest worker program to help farmers find workers, and an amnesty program for illegal aliens already in the United States.

Sanctions Against Employers. Although it is unlawful for illegal aliens to work in the United States, it is not unlawful for employers to hire them. Critics of the current immigration law say that this is one of the major reasons why illegal immigration is so high. Illegal

Citizenship Requirements

To become a citizen of the United States, one must be legally admitted into the United States for permanent residence and:

- be over eighteen years old;
- have lived in the United States for five years;
- be of good moral character;
- be able to read, write, and speak English;
- demonstrate a knowledge of American history and government; and
- not belong to any organization that advocates the overthrow of the government by violence or the doctrines of communism.

aliens know that there are jobs for them when they cross the border. Some of the new immigration bills propose to fine employers up to $2,000 per illegal alien hired, with higher fines and jail sentences for repeat offenders. Employers of illegal aliens say that they would hire American citizens if they could, but that most Americans refuse to do the back-breaking, low-skill work that illegal immigrants will do. Others say that Americans will take those jobs when unemployment is high or when the pay is good. For example, when eighty-eight illegal aliens were picked up at a brassworks factory near Los Angeles in 1983, one thousand people applied for their jobs. Some minority groups in the United States strongly oppose employer sanctions because they fear employers will discriminate against "foreign-looking" people, suspecting that they might be illegal aliens.

Guest Worker Program. Because some businesses—especially farms—have become so dependent on illegal alien workers, Congress has endorsed a proposal that would admit up to 350,000 unskilled illegal aliens as guest workers. The new program would allow farmers to hire illegal aliens for up to nine months during harvest time. As an incentive to leave after their work is done, 20 percent of the workers' wages will be withheld to be given to them when they return home. Advocates of the program argue that the agricultural needs of western farm states cannot be met without foreign workers. Making the hiring of illegal aliens a crime without provisions for guest workers will force farmers to import workers illegally. Organized labor strongly opposes the guest worker program because it believes that foreign workers will drive down farm wages for their members.

Amnesty. Recognizing that from 2 million to 6 million undocumented workers could be in this country, Congress is considering granting amnesty and permanent resident status to persons who entered the United States prior to a certain date. Such a measure automatically would entitle them to most forms of public assistance. Supporters of amnesty legislation—including the Reagan administration—believe that it is the fairest way to solve the illegal alien problem in the United States. They say that illegal aliens who have lived in this country for more than three to five years have become members of American society and therefore are entitled to its benefits. Supporters of amnesty say that making illegal aliens legal would allow them to become active members of American society openly.

Critics of amnesty claim that, by providing illegal aliens with an opportunity to become citizens, the government would actually be rewarding law breakers. They claim that an amnesty program would burden both the federal government and the states with an additional 6 million to 12 million people who would suddenly become eligible for welfare, food stamps, and public education. They say that amnesty would "dump" unskilled workers onto a job market that is already flooded with unemployed workers.

Immigration Profile

According to the Immigration and Naturalization Service, most people legally entering the United States from 1875-86 and 1975-86 came from:

1875-86

Country	Percentage of total immigration
Germany	15%
Italy	11%
Great Britain	10%

1975-86

Country	Percentage of total immigration
Mexico	15%
Philippines	8%
Korea	6%

Economic Refugees. Since 1980, thousands of poverty-stricken Haitians have been landing on the shores of Florida seeking admission to the United States as refugees. The Immigration and Naturalization Service (INS) has ruled that, according to the 1980 Refugee Act, the Haitian immigrants are not refugees and therefore are not eligible for admission into this country. The Refugee Act defines a refugee as someone who is fleeing political or religious persecution, not economic conditions. The government fears that if the United States were to admit economic refugees, the country would soon be overwhelmed by the world's poor. Such a surge of people would be unable to find jobs and would drain public assistance funds quickly.

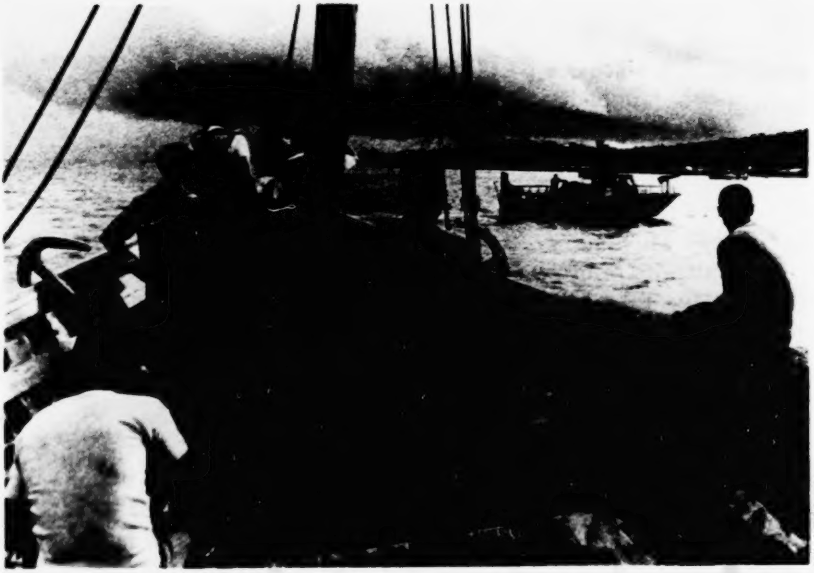
Critics of the INS believe that the United States should broaden its definition of "refugee" to include those trying to escape severe poverty. Those who favor a broader definition argue that many of the people who immigrated to the United States a century ago were also economic refugees. They say that it is unfair to grant refugee status to people who fear their lives are in danger because of their political views and then to deny admission to people whose lives are in danger because of severe poverty.

Sanctuary Movement. Providing *sanctuary*, or protection, to someone in need is a practice as old as the Bible. Today, over 200 churches nationwide have defied federal authority and have been harboring immigrants publicly from war-torn Central America. The churches claim that some immigrants—especially those from El Salvador and Guatemala—are forced to leave because their political views put their lives—and the lives of their families—in danger. They say that these immigrants should be considered legal refugees under the terms of the 1980 Refugee Act and should be allowed to enter the country legally.

The U.S. government claims that citizens who provide sanctuary to illegal immigrants are breaking the law and are subject to arrest. The government says that most immigrants from Central America are coming to this country to escape poor economic conditions and therefore are illegal aliens, not refugees. The Justice Department has indicted church workers in Houston, Phoenix, and other cities on charges of transporting and harboring aliens and has threatened more arrests in an effort to crack down on the sanctuary movement.

Outlook

For the last five years, members of Congress have proposed major immigration bills, yet none of them became law. The authors of these bills ran into opposition from liberals, conservatives, labor unions, Hispanic groups, farmers,



U.S. Coast Guard

The U.S. Coast Guard boards a Haitian refugee boat. Every year, hundreds of immigrants from nations in the Caribbean Basin and Central America risk their lives in small, overcrowded boats for a chance to live in the United States.

and the White House. Each of these groups took directly opposite positions on key issues such as employer sanctions, guest worker programs, and amnesty for illegal aliens. Future proposals will have to travel through the same political minefield. This year, the Reagan administration is supporting a limited proposal that would grant only limited amnesty and would apply employer sanctions. However, opponents of such measures are ready for a fight, and presidential backing may not be enough for passage of an immigration reform bill.

The Debate Immigration

Should the United States Tighten Immigration Restrictions?

PRO	CON
Immigrants take jobs away from Americans and are changing the character of the country. The problem is particularly acute in the Southwest and in major East Coast cities. Countries with low unemployment can afford to let in foreign workers, but we can't. We need to take care of our own population first.	As a nation of immigrants, we have an obligation to keep our doors open. The variety of skills and cultures from other countries created the dynamic American culture and economy we have today. Today's immigrants are no different from our parents. They want to succeed and are willing to work hard. They should be welcomed as assets to our country.

Should It Be a Crime to Employ Illegal Aliens?

PRO	CON
Unless employers know they will be punished for hiring illegal aliens, we will never solve the illegal immigrant problem. At present, employers cannot get into trouble for hiring illegal aliens; and aliens, fearful of being deported, will work for very low wages and in poor working conditions without complaint. The temptation to hire illegal aliens must be removed.	Illegal aliens are the only people willing to do the back-breaking, low-skill work that many business owners, especially farmers, need. Business owners should not be punished for giving people an opportunity to do work that no one else wants to do. It would be better to change the law so that the workers are not illegal.

Should Illegal Aliens Now in the Country Be Granted Amnesty?

PRO	CON
It is impractical to expect the Immigration and Naturalization Service to track down and deport the estimated 6 million illegal aliens who now reside in the United States. The cost would be much too great. These people need to be granted amnesty so that they can enter society publicly and pay their share of taxes.	Few illegal aliens make enough money to contribute significantly to the national treasury. Instead, granting amnesty would create an additional burden on taxpayers by making the newly legalized immigrants eligible for public welfare benefits. It might also set a bad precedent—future illegal aliens might come expecting similar treatment.

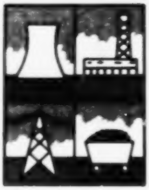
The Debate, Immigration

Continued

Should Economic Refugees Be Admitted?

PRO	**CON**
We assign refugee status to people who might be imprisoned in their own countries for the things they believe or say. Yet we deny refugee status to people who are suffering from severe poverty. Our nation has always offered people the opportunity to help themselves. How can we stop now?	If the United States were to open its doors to economic refugees, we soon would be flooded by the world's poor seeking admission. The United States has neither the resources nor the jobs to provide for these people. The result would be merely to import more poverty.

Energy



Just ten years ago, the United States was in the grip of an energy crisis of massive proportions. Some schools were forced to close for weeks at a time because there was not enough fuel to heat them. Home heating oil became so expensive that some families had to spend nights in public shelters. Gasoline was scarce, and people waited in line for hours—sometimes all day—just to pump a few gallons into their cars. Occasionally, when the pumps ran dry, fights broke out. President Jimmy Carter labeled the crisis "the moral equivalent of war." He called upon Congress, industry, and citizens to mobilize an all-out effort to defeat the crisis and make the United States energy-efficient.

Today, many people say we have won the war on energy. They suggest that oil shortages are virtually nonexistent and that the United States has huge stockpiles of oil and natural gas in storage. But others claim we have become complacent. They say that the earth's supply of oil will be exhausted in just fifty years and that neither the government nor industry is prepared to meet this challenge. These critics believe that we must expand our use of renewable sources of energy from the wind, sun, and water if we are to avoid another energy crisis.

Key Questions

- Should the government or industry dictate energy policy for the United States?
- Which energy sources do you think industry should be developing for the future?
- Do you think nuclear power is safe?
- Do you think the energy crisis is over?

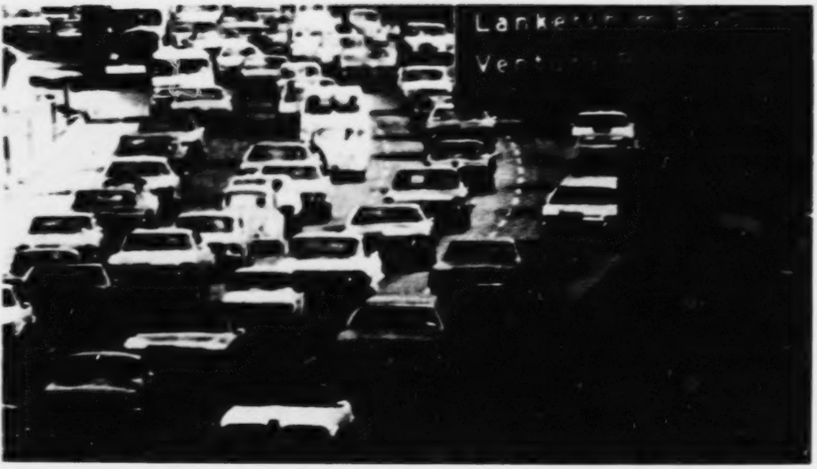
Background

Energy Sources

Energy Means Growth. The United States literally runs on energy. Much of that energy is used to produce economic growth and income. Energy is needed to power machines, operate communications, and transport people and materials. A high level of energy also makes the quality of life more comfortable for everyone. The United States has the largest consumer economy and is also one of the world's largest consumers of energy. Although the United States makes up only 6 percent of the world's population, Americans consume more than 30 percent of the energy used worldwide every year.

Energy Supplies in the Nineteenth Century. Large supplies of inexpensive domestic energy resources helped spur American economic growth throughout its history. The major sources of energy until the twentieth century were *renewable* energy sources. Wood was a primary source of heating fuel, river currents powered New England textile factories, and the wind turned windmills on Midwest farms. After 1900, the demand for energy increased, and Americans began to rely upon *fossil fuels* such as oil, coal, and natural gas as their main source of energy. Coal soon surpassed wood as the nation's primary energy source.

Oil Becomes King. After World War II, American lifestyles changed as did our energy needs. Urban sprawl, big homes, and America's growing love affair with the automobile made oil the number one source of energy in the United States by 1950. Oil was cheap and plentiful, and the supply seemed endless. As our energy needs increased even more in the 1960s and 1970s, the United States began to import more oil. By 1973, oil accounted for nearly half of the



Environmental Protection Agency

America's love affair with large, "gas-guzzling" automobiles is often cited as a major cause of the rapid consumption of oil products during the 1960s and 1970s. After the Arab Oil Embargo in 1973, gas prices soared and many Americans began to purchase smaller, more fuel-efficient cars.

energy consumed in the United States, 36 percent of which was imported.

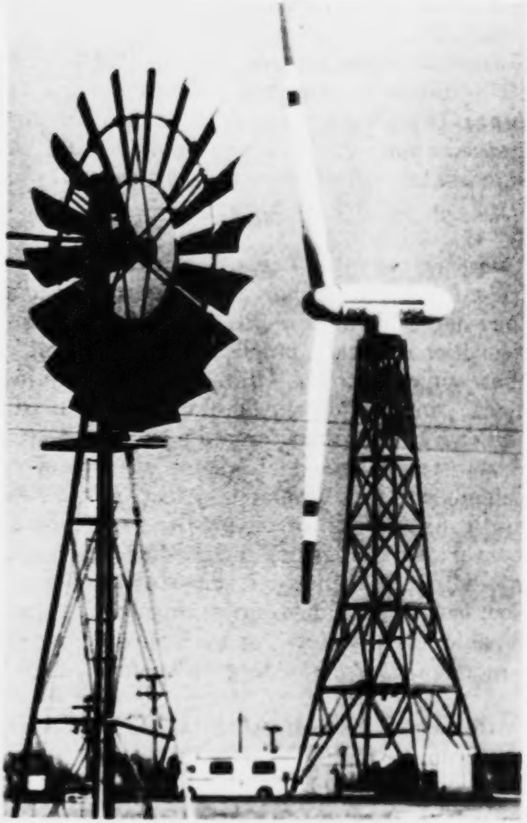
The Arab Oil Embargo. In an effort to increase the price of oil on the world market, thirteen nations joined together in 1960 to form the Organization of Petroleum Exporting Countries (OPEC). OPEC members controlled more than half of the world's oil reserves. In 1973, OPEC's Arab members cut off oil shipments to the United States and the Netherlands because the two nations had supported Israel in the war that year between Israel and its Arab neighbors, Syria and Egypt. At the same time, the Arab oil exporters cut their total production drastically and unilaterally announced sharp increases in the price of oil. From October to December 1973, the price of oil rose from $3 to more than $11 a barrel. The Arab Oil Embargo created tremendous shortages around the world and was the leading cause of the 1974-75 economic recession.

Alternative Energy Sources. OPEC announced the end of the embargo in March 1974, but the impact it had on American energy consumption was dramatic. Nearly two generations of Americans had built an entire lifestyle around the availability of cheap oil. Now alternatives to oil had to be developed.

Nuclear Energy. During the 1950s and 1960s, nuclear energy was promoted as the energy source of the future. Although nuclear energy never was expected to fuel automobiles or trucks, it was expected to generate 25 percent of the nation's electricity by the 1980s and perhaps half by the end of the century. However, nuclear energy is unlikely to meet the expectations once imagined. Public opposition to nuclear power, the high costs of building reactors, and the unresolved problem of disposing of highly radioactive nuclear waste have caused utility companies to cut back on developing nuclear energy as a power source.

Coal. Many experts believe that our energy needs can be met by returning to our old major energy source, coal. They point out that coal reserves are plentiful in the United States and can provide enough electric power for more than 200 years. However, coal does have some drawbacks. Coal is a major source of air pollution and acid rain. Also, coal strip-mining destroys thousands of acres of land every year. The Department of Interior's Office of Surface Mining estimates that more than 6,000 strip mines nationwide have left the land scarred and barren.

Synthetic Fuels. Synthetic fuels are oil or gas substitutes made from coal or oil shale that are turned into liquid or gaseous form. During the 1970s, many experts saw synthetic fuels as the solution to the energy crisis. As research increased in the field, however, they discovered that synthetic fuels have three serious problems. First, synthetic fuels are expensive to produce—as much as $60 per barrel. Second, producing synthetic fuels requires large amounts of water, which is scarce in the western United States where most of the coal and oil shale are located. Third, producing synthetic fuels could create severe environmental problems. Much of the waste of synthetic fuel production from coal and shale oil is highly toxic. Unless some method can be discovered to



UPI/Bettmann Newsphotos

Large, modern windmills, such as this space-age wind turbine in New Mexico, were constructed in western states as alternative energy sources to oil, following the Arab Oil Embargo in 1973.

detoxify the waste, burying it would poison the earth and nearby water sources.

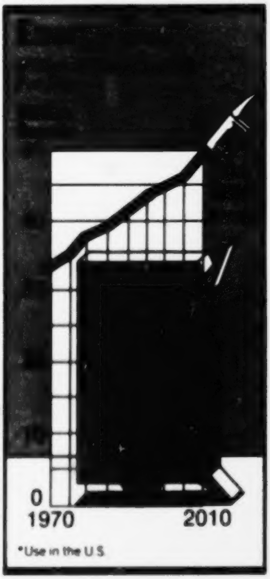
Renewable Energy Sources. Renewable—or inexhaustible—energy sources include solar, wind, and water power. These alternative sources of energy are nonpolluting, and their supply will never run out. During the energy crisis of the late 1970s, many homeowners installed solar-powered water heaters, and some local utilities in California and other western states used windmills to produce small amounts of electricity. However, the cost of installing large solar or wind energy systems is still high and thus impractical for large industries and communities.

American Energy Policy

Wasteful Consumption. In the 1950s and 1960s, the price of oil and gas was low and its supply was high. Energy consumption increased rapidly. U.S. energy policy could be summed up in one sentence: use as much as you want, pay as little as possible.

Nixon's Energy Policies. The Arab Oil Embargo forced Americans to realize how much they depended on foreign oil suppliers. President Richard Nixon proposed an energy policy that would make the United States self-sufficient. Conservation and development of American energy sources became the primary goals. A keystone of President Nixon's energy development plan was developing Alaskan oil fields and constructing an oil pipeline in Alaska. Conservation programs included reducing the speed limit on highways from 70 to 55 miles per hour, year-round daylight savings time (later repealed by Congress), and new laws to make American cars more energy-efficient.

The U.S. Department of Energy predicts that Americans will continue to increase their use of energy into the twenty-first century. By the year 2010, the United States will consume the equivalent of nearly 50 million barrels of oil a day.



Source: U.S. Department of Energy

A Return to Wasteful Habits. After the Arab Oil Embargo, OPEC continued to keep prices high by limiting production. However, the price increases were not nearly as steep, and the introduction of Alaskan oil and oil from the North Sea provided alternative sources to expensive OPEC oil. Consumers in industrialized countries began returning to their old energy consumption habits. Total U.S. energy consumption grew almost 11 percent between 1975 and 1978.

Carter's Energy Policy. In April 1977, President Jimmy Carter proposed an energy plan to cut U.S. demand for oil. His program included establishing the Department of Energy, curtailing price controls on natural gas, and strengthening conservation efforts. In 1979, world oil supplies fell, and oil prices doubled again following a revolution in Iran, then a major supplier of oil. Following this second energy crisis, Congress passed several of President Carter's measures to reduce oil consumption and to achieve American energy independence.

Phased Decontrol of Oil Prices. The idea behind price decontrol was that domestic oil prices—which had been under price control regulations since 1971—needed to rise to the world market level to encourage oil development at home and foster conservation among consumers. As a result of decontrol, the oil industry drilled more wells in the United States than ever before, using advanced technology to reach trapped oil and reopen old wells. Since then, a surplus of oil and a worldwide recession have slowed oil exploration.

Windfall Profits Tax. Fearing that price decontrol would bring windfall profits to oil companies, President Carter proposed a stiff tax on 60 percent of domestic oil company revenues resulting from decontrol.

Synthetic Fuels Corporation. Since dependence on imported oil had threatened U.S. security during the 1970s, Congress created the Synthetic Fuels Corporation. This public corporation funded by the federal government was created to help finance the research and development of synthetic fuels made from U.S. resources. Since its creation, however, the corporation has lent very little money for synthetic fuels development because it has not considered many proposed development projects to be feasible.

Solar and Conservation Bank. Congress created the Solar and Conservation Bank to encourage the use of energy-saving and solar technologies. The federally run bank provided loans and subsidies for home improvements that conserved energy or used solar energy.

The Oil Glut. In 1980, oil prices peaked at $39 a barrel. Since then, prices have declined steadily to a 1985 year-end price of $20. The price decline is due partly to a surplus of oil—or a "glut"—on the market relative to the demand. Increased production by non-OPEC countries, such as Mexico, has supplemented world supplies of oil. Prices further declined because some of the small OPEC nations, such as Nigeria and Indonesia, have had to keep their export sales up to pay for their country's economic development. As a result, they have been undercutting the official OPEC price to increase their own sales of oil. A reduction in world demand has accompanied the increase in oil production. For the most part, the recent economic recession caused decreased demand, especially in developing countries that could no longer afford to build new factories that would have used more energy. In addition, industrialized countries have reduced their need for oil by improving energy conservation programs and by substituting other energy sources.

Americans Conserve Energy

A recent NBC News/*Wall Street Journal* poll asked people if they thought it was as important for Americans to conserve energy today as it was a few years ago. The results:

Still important	89%
No longer important	10

The same poll asked people to state how likely they felt the United States would experience another energy crisis within the next ten years. Seventy-seven percent said that an energy crisis would probably occur soon. Twenty percent felt that an energy crisis within the next ten years was highly unlikely.

Reagan's Energy Policies. President Ronald Reagan entered office in 1981 with a different energy philosophy than his predecessor, Jimmy Carter. President Reagan claimed that efforts to regulate energy production had hurt rather than helped the energy crisis. He agreed with Carter that the domestic production of more energy should be the goal of the United States. And they agreed that oil and gas prices should be deregulated. However, President Reagan said that the best way to produce more energy was for the government to stay out of the energy business and let the marketplace decide which energy resources it wants and when to develop new energy technologies, such as solar and synthetic fuels. As part of this policy, President Reagan asked Congress to break up the Department of Energy, transfer its duties to other agencies, and speed the planned deregulation of all energy sources, particularly natural gas. Congress did not agree to all of these proposals. Although President Reagan generally favors reducing government involvement in energy policy, he views nuclear energy as an exception to that policy. His administration has promoted nuclear energy actively by budgeting more money for government-subsidized nuclear power research.

Current Issues

Should the Government Be Involved in the Energy Business? Since the first energy crisis in 1973, many Americans have debated what the proper role for the government in energy should be. Both Presidents Nixon and Carter widened the role of government in energy to regulate prices, distribution, and overall supply, and to make plans to guard the country against future energy crises. On the other hand, President Reagan believes that reducing the federal role in energy policy will better protect the United States from an energy crisis. He argues that the price and supply of energy should be determined solely by market conditions. If a source of energy is in short supply, then it will have a high price, which in turn will encourage increased development of that energy source or the sale of less expensive alternatives. Supporters of Reagan's position say that the current oil glut proves the effectiveness of the private market system. Because government allocation and price controls were lifted, the market—through supply and demand—established the price for oil and gasoline. When the price became too high, Americans began buying smaller, more fuel-efficient cars and insulated their homes to conserve energy. When demand went down, so did the price, giving us the lower prices we have today. The Reagan administration also believes that when the day comes that oil is truly in short supply and very expensive, its high price should then make it more worthwhile for businesses to develop energy alternatives such as synthetic fuels or solar energy.

Supporters of government action note that the free market is rarely "free." For example, the energy crisis of the 1970s was a result of outside political actions over which market conditions had no control. In this case, oil-exporting countries were able to manipulate the market to get the prices they wanted. Government regulation helped overcome the energy crisis by reducing demand faster than market forces could have. The government did this through tax incentives that encouraged home insulation before the price peaked and through regulations that required improved gas mileage in cars. Advocates of government regulation believe that the government should regulate energy consumption to prevent wastefulness so that another energy crisis would not catch the nation off guard. Furthermore, by developing energy alternatives now, the government can ensure that the country has an energy source to fall back on when oil supplies run out, thus preventing a sudden steep increase in prices.

Coal. The country already has begun to increase usage of coal as an oil substitute, especially in the area of electricity production. But increasing coal usage has serious drawbacks. First, the burning of coal is viewed increasingly as one of the leading causes of acid rain. Acid rain has been blamed as a major contributor to the death and disease of trees; the acidification of lakes, which kills fish; the accelerated corrosion of bridges and buildings; and the destruction of outdoor art treasures (especially in Europe). Other drawbacks include the danger of extracting coal from underground mines, the environmental damage from strip mines, and the difficulty of transporting coal.

Supporters of coal usage say that coal is too valuable an energy source to ignore. Its cost is one-third that of oil and less than half the price of natural gas. Furthermore, recent environmental and mine safety laws have helped reduce some of the dangers associated with its use. Because of the 1970 Clean Air Act, proponents contend that sulfur pollutants have declined 25 percent overall in the last decade, despite a 50-percent increase in coal usage, and are expected to decline further as old coal-fired power plants are retired during the next thirty years. Federal laws also have led to the restora-

Sacramento Municipal Utility District

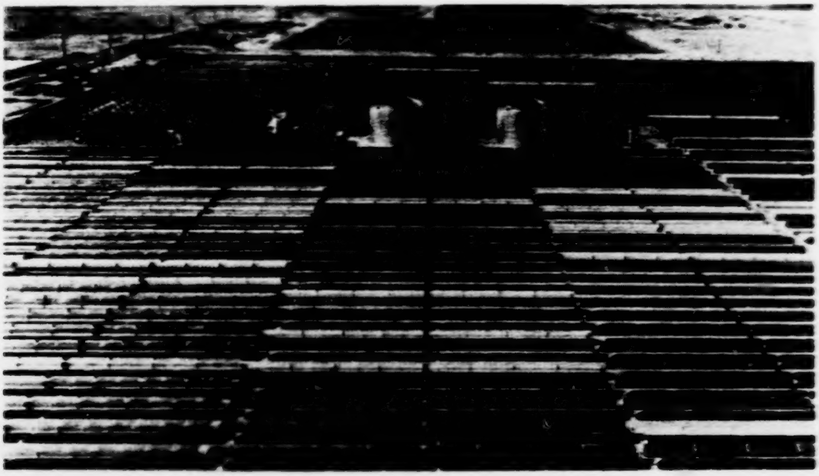
Many people saw nuclear power plants—such as this one near Sacramento, California—as the answer to America's energy needs. However, public concern over potentially deadly accidents has caused many power companies to cut back on the construction of nuclear plants.

tion of mountainsides that had been strip-mined and have reduced the rate of coal mine deaths by two-thirds.

Nuclear Energy. Most energy experts predict that by the 1990s the United States will not have enough electricity to meet the demand. In newspaper and magazine ads, the nuclear power industry urged that additional nuclear reactors be built immediately. However, opposition to nuclear energy is strong. Most of the opposition has focused on the safety of reactors and the problem of safe disposal of nuclear waste. Critics of nuclear energy fear that a serious accident—e.g., a meltdown of the fuel rods, a rupture of the reactor vessel, and the release of radioactive gases into the air—possibly could kill thousands of people. The nuclear industry argues that the chances of such an accident occurring are less than one in 10 million, requiring the failure of every automatic safety device. But critics say that the odds are not so remote. While reactors are equipped with numerous safety devices and backup systems, critics charge that these devices are not designed to handle simultaneous failures in the system. They point to the recent accident at the Chernobyl nuclear power plant in the Soviet Union as evidence of the risks inherent in nuclear technology.

Despite the concerns of antinuclear groups, nuclear officials stand on the industry's record. They note that America's nuclear industry has a combined total of 550 plant-years of operating experience, and during that time not one person has ever died from a nuclear accident in a nuclear power plant, not even at Three Mile Island. They say that a nuclear accident such as the one that occurred at Chernobyl could not happen here. In addition, nuclear power officials argue that other energy sources are more injurious than nuclear power. For example, many people die or are injured each year in coal mine accidents and oil tank explosions. In addition, air pollution, caused by the burning of fossil fuels, is especially dangerous to many older people and people with lung diseases.

Is There an Energy Crisis? Perhaps the biggest issue surrounding energy today is the



Dedicated in 1985, the world's largest solar-electric generating plant supplies power to homes and businesses in southern California. Though solar power is renewable and nonpolluting, it is very expensive to produce on a large scale. This plant cost more than $62 million to build.

UPI/Bettmann Newsphotos

question of urgency. Nearly everyone agrees that diminishing sources of oil is a problem. But no one agrees on the severity of the problem. Some people say that the energy crisis is over. Through conservation efforts, deregulation of the oil industry, and increased production of domestic oil and gas, America is now energy-efficient. The crisis has passed because the American public is more aware of the need to save energy.

Critics of this view say that falling oil prices and the oil glut have lulled Americans into a false sense of security. Oil reserves are still limited and could run out within fifty years. To prepare for this, these critics claim the government should continue to regulate the energy industry and ensure that alternative energy sources are developed.

Outlook

President Reagan has continued his campaign to reduce government involvement in the energy industry. The Department of Transportation reduced fuel efficiency standards for American-made cars to allow auto manufacturers more time to meet the standards established in 1975. The Department of Energy denied funding for the last major synthetic fuels project in the nation. And Congress revoked federal tax credits for homeowners who install energy-saving products in their homes, such as solar-powered water heaters and heavier insulation. Many people agree with these actions, viewing them as both cost-effective for the government and proper according to the rules of free-market enterprise. Others disagree, claiming that those are dangerous signs that we could be entering into another crisis situation. Only time will tell which of these views is right.

The Debate Energy

Should We Rely on the Government, Rather Than the Free Market, to Ensure the Country Will Have the Energy It Needs?

PRO

The prospect of future energy shortages requires government action. The government can start now, before another energy crisis, to work on future alternatives. It can plan ahead so that all segments of the economy—including the poor—receive their fair share. Regulation can prevent energy businesses from creating artificial energy shortages and profiting unfairly from real energy crises. Also, during temporary energy surpluses, the government can ensure that the country continues to conserve the world's limited energy reserves. The country already has benefited from laws requiring better gas mileage in cars and from encouraging energy-saving investments.

CON

Government regulation of energy is a cause of our energy problems, not a solution. When the government regulated the price of oil, oil companies lacked the incentive to drill for oil in the United States and instead increased the country's dependence on foreign imports of oil. Now that price controls have been removed, the free market has responded by providing as much oil as the country needs, causing the price of energy to decline. When supplies of oil eventually dwindle, the free market will promote development of alternative energy sources to fill the gap.

Should the United States Increase Its Use of Coal?

PRO

The advantages of coal far outweigh its disadvantages. First, the United States has a huge reserve of coal; it will be 200 years before we run out. Second, coal is cheap, costing only one-third that of oil and less than half the cost of natural gas. Uncontrolled, coal may have an adverse environmental impact, but government regulations will control the threat. Already those regulations have succeeded in reducing the overall amount of air pollution from coal despite a 50-percent increase in its use.

CON

When coal producers talk about the low price of coal, they forget to mention the high cost of acid rain on the environment and public buildings or the costs of greater pollution to human health. Coal is but one alternative to oil. We should look to solar and nuclear energy to help supply energy, and we should continue to conserve as much energy as we can. We should not jump to use more coal without completely examining the full costs involved.

Should We Build More Nuclear Power Plants?

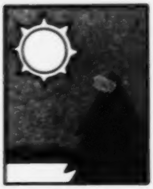
PRO

The country could find itself short of electricity in just ten years. Nuclear power plants can fill that demand best. Nuclear energy is safe. It does not pollute the air, and no one has ever been killed in a nuclear accident. While nuclear waste is dangerous, it poses little threat to the public when buried in leakproof containers thousands of feet underground. The United States runs on energy. It is foolish to ignore the potential of nuclear power.

CON

The problems with nuclear power are simply stated. First, nuclear reactors are expensive to build and have been plagued with cost overruns. Second, nuclear reactors are very complicated; a combination of breakdowns could occur and overwhelm a reactor's safety features. And third, nuclear waste could pose a serious hazard even in transportation to burial sites, not to mention the possible danger of nuclear wastes leaking into the groundwater as toxic wastes have. Is that a risk we can afford?

Environment



At one point in our nation's history, pollution was viewed as a sign of progress. Thick, black smoke, rising from a factory smokestack, symbolized jobs and prosperity for a community. People accepted foul-smelling air or a polluted river as the price they paid for economic growth.

In time, that view changed. No longer a symbol of success, pollution became a threat and a burden to many cities. To make the water drinkable, cities built expensive water treatment plants. Businesses lost money when air pollution alerts forced employees with breathing problems to stay home. People found that pollution-related illness could result in expensive hospital and insurance bills. Moreover, there were aesthetic concerns. Few found beauty in oil-slicked beaches, smog-blanketed skylines, or mountaintops scarred by strip mining.

During the 1970s, Congress passed a variety of laws to control pollution. This legislation has helped revive once-dead rivers, improve our overall air quality, and save some species of animals from extinction. But many serious problems, such as acid rain and toxic wastes, remain.

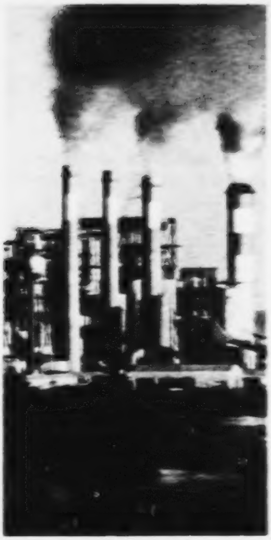
Few people question the importance of protecting the environment. But the cost now runs into billions of dollars. Many people wonder how much protection we can afford before environmental regulations constrain economic growth and development. Balancing these concerns with the desire for a clean environment is a primary goal of the nation's policymakers.

Key Questions

- What is the proper balance between protection of the environment and economic considerations?
- Should federal wilderness and parklands be opened up for exploration and development of energy and mineral resources?
- Who should pay the costs of environmental cleanup?
- Have antipollution standards gone far enough?

Background

Dangers to the Environment



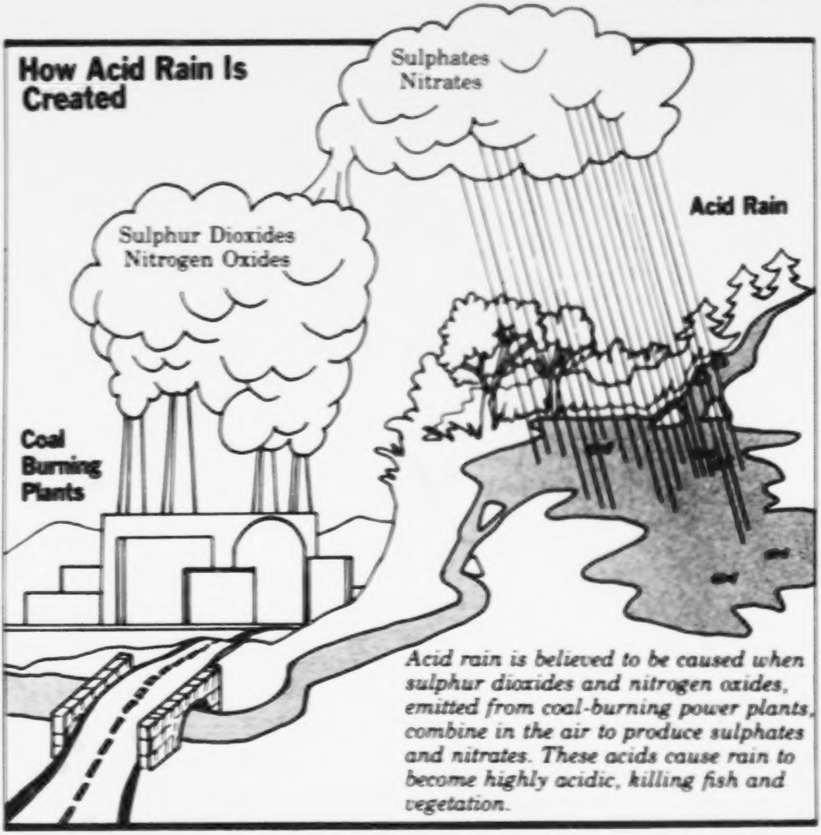
Environmental Protection Agency/Boyd Norton

The air we breathe contains many pollutants—including soot, particles of ash from burning coal, lead from gasoline, and gases such as sulfur dioxide, hydrocarbons, carbon monoxide, and carbon dioxide. Since the early 1970s, Congress has passed a series of laws to reduce air pollution.

Air Pollution. The air we breathe contains many pollutants, including soot, particles of ash from burning coal, and lead from gasoline. Even at low levels, dust, soot, and ash can cause acute breathing problems for sufferers of chronic bronchitis and asthma. Less visible, but more dangerous, are the gases of sulfur dioxide, hydrocarbons, carbon monoxide, and carbon dioxide. Too much carbon monoxide—emitted by cars—causes dizziness and nausea, impairs judgment, and places stress on the heart. Carbon dioxide is not immediately dangerous, but poses a long-term threat. During the last 100 years, the level of carbon dioxide in the atmosphere has risen dramatically, causing a "greenhouse effect." The carbon dioxide traps the sun's heat, raising the earth's temperature. According to a report by the Environmental Protection Agency (EPA), world temperatures could increase 3.6 degrees Fahrenheit by the year 2040 and 9 degrees by the year 2100. Temperatures in the polar regions may increase three times as much, causing the polar ice caps to melt and raising the sea level four to seven feet by the year 2100. The EPA report says that the "greenhouse effect" is irreversible.

Acid Rain. The effects of air pollution are apparent in another form in the northeastern region of the United States and in Canada. In these areas, rainfall is unusually acidic. Although the causes of acid rain are in dispute, most scientists believe that "acid rain" is the result of sulfur dioxide and nitrogen oxide (released by coal-burning power plants and factories and by automobiles) being transformed into sulfate and nitrate. When combined with moisture in the air, sulfates and nitrates become acids and come down as acid rain. Acid

How Acid Rain Is Created



Acid rain is believed to be caused when sulphur dioxides and nitrogen oxides, emitted from coal-burning power plants, combine in the air to produce sulphates and nitrates. These acids cause rain to become highly acidic, killing fish and vegetation.

rain increases the acidity of soil, streams, and lakes, making them less habitable for plants and animals. In Europe, where coal burning has long been a major source of energy, large forests have begun to wither, and hundreds of lakes in Scandinavia have become so acidic that they no longer support fish. Acid rain also damages buildings and bridges, forcing governments and private owners to accelerate plans for renovation or replacement of many of these structures.

Acid rain has become an international issue. Emissions of sulfur from coal-burning plants in one country can travel across international borders, causing acid rain problems in other countries. For example, Canada has protested to the

U.S. government that a large share of its acid rain problem results from pollution produced in the United States. This issue has strained normally warm relations between the United States and Canada.

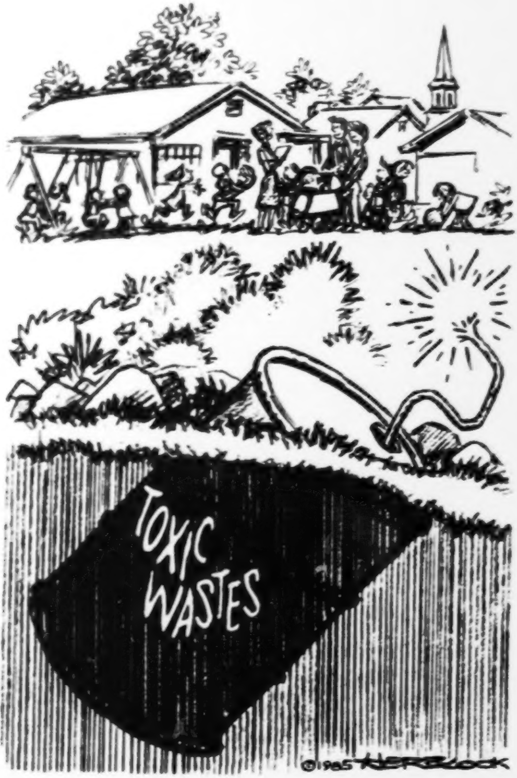
Water Pollution. The two major water pollutants are organic waste and chemicals. Organic waste removes oxygen from the water, suffocating fish and producing bacteria that release noxious gases. Chemical waste—such as pesticides, acid residues, dyes, and some chemicals from factories—kills marine life outright.

During the 1960s, water pollution in the United States was very severe. Industrial pollution accounted for some of the problem. Arsenic was found in the Kansas River. Mercury pollution halted fishing along the shores of Lake St. Clair on the Canadian border. Industrial pollution killed millions of fish in Lake Superior, and fishing and swimming was banned on Lake Erie. Organic waste also contributed to water pollution. As recently as 1970, nearly 60 million Americans were not served by a sewer system. In many cases, raw human sewage was dumped untreated into lakes and streams.

Nuclear Waste. Many nuclear materials are highly toxic and take thousands of years to lose their radioactivity. The problem nuclear waste poses is how can it be disposed safely. If liquid nuclear waste is buried in cans, the cans might someday leak radioactive material into the soil and water table. Burial at sea presents a similar problem. Although disposal technology is excellent and no one has yet been injured because of nuclear waste, no one can guarantee that nuclear waste will never pollute our environment. Today, more than 77 million gallons of highly radioactive liquid nuclear waste from weapons production remain in temporary storage awaiting the establishment of permanent nuclear waste depositories. In addition, radioactive fuel from nuclear power plant reactors is being stored temporarily in cooling pools at the plants.

Toxic Wastes. Toxic wastes are the poisonous or *carcinogenic* (cancer-causing) chemical compounds that remain after the production of chemicals, metals, and plastics. As the largest producer of chemicals in the world, the United States also generates the largest amount of toxic wastes, about 260 million tons a year.

Unlike nuclear wastes, some toxic wastes can be broken down into relatively safe substances by burning them or treating them chemically. But for many years, toxic chemicals have been dumped into pits, ponds, and landfills. In some places, the chemicals soaked



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into the topsoil and filtered into the water table. In Niagara Falls, New York, a neighborhood called Love Canal was built over a toxic chemical dump. Many of its residents—especially children—became ill. The government later bought their homes, and sections of the neighborhood were permanently closed.

Today, the EPA has established strict rules for dumping toxic waste. For example, all toxic waste must be placed in licensed landfills that have lined bottoms to prevent chemicals from leaking into the soil. Toxic dumps must also have "monitoring wells" to check for leaks, and operators must carry enough insurance to pay for $6 million in cleanup costs every year. These last two requirements, which took effect in November 1985, are expected to put half the nation's toxic dump sites out of business. But an estimated 22,000 old or illegal toxic waste dumps still pose a threat to public health.

Pesticides. Pesticides kill certain insects and plants. But some pesticides have entered the food chain. After a pesticide is sprayed, it can remain potent for a long time, staying on the leaves of plants, washing into rivers and lakes, or seeping into groundwater. Some pesticides are absorbed into the tissues of any animal ingesting them. Eventually, some pesticides reach humans through the food they eat.

Uniphoto/Mott Carter

An airplane "dusts" crops with pesticides to kill weeds and insects. The Environmental Protection Agency has banned a number of pesticides believed to be harmful to human health and the environment.

In some cases, pesticides are an ineffective method of pest control. For example, high concentrations of DDT impair the reproductive functions of birds. When DDT usage peaked during the 1950s and 1960s, the number of birds in the environment suddenly decreased, which, in turn, led to an increase in the number of harmful insects that would otherwise have been eaten by the birds.

The EPA has banned a number of pesticides, including DDT, which are believed to be harmful to the environment. However, many other countries continue to use them, and food imported into the United States sometimes contains traces of hazardous chemicals.

Environmental Protection Agency

Urban runoff, a relatively new environmental concern, occurs when pollutants—such as oil, dirt, bacteria, toxic metals, backyard pesticides, and fertilizers—are washed off the streets or flushed through sewer systems. The Environmental Protection Agency is moving to regulate urban runoff, although local governments say control measures might cost billions of dollars.

Urban Runoff. A relatively new problem is urban runoff, which occurs when backyard pesticides, fertilizers, oil, dirt, bacteria, and toxic metals are washed off the streets or flushed through sewer systems. These pollutants enter the environment from many, often distant sources, but their effect is strong. Urban runoff accounts for almost 20 percent of the toxic lead in the Chesapeake Bay. In Huntington Harbor, California, high levels of toxic manganese, lead, and zinc from inland runoff have been found in shellfish. The EPA is moving to regulate urban runoff, but local governments say control measures might run into billions of dollars, not including cleanup costs.

Major Legislation

Endangered Species Act (1966). The Endangered Species Act made it illegal to kill, for sport or profit, certain animals or plants believed to be on the verge of extinction. However, some people believe the act should allow exceptions when protecting a species harms the public good. For example, the act temporarily blocked construction of the Tellico Dam in Tennessee to protect a rare fish called the snail darter. At the end of 1984, 828 species were on the list of endangered species; five species have been removed from the list since 1978 because of extinction.

National Environmental Policy Act (1969). The National Environment Policy Act established a national goal to create and maintain "conditions under which man and nature can exist in productive harmony." The most far-reaching provision of the act required all federal agencies to write a report detailing the potential impact of their future activities on the environment. While delaying some projects, environmental impact studies have often prevented government action from having disastrous environmental consequences.

Creation of the EPA (1970). In February 1970, President Richard Nixon sent Congress a 37-point program for cleaning up the environment. Nixon followed that message with a plan to establish the Environmental Protection Agency, which would allow "coordinated and effective government action on behalf of the environment." Before the EPA was established, forty different agencies and departments oversaw environmental regulations.

Clean Air Act (1970). The nation's principal air pollution control law, the Clean Air Act, was enacted in 1970. The act set deadlines for a 90-percent reduction of certain pollutants from new automobiles and also established pollution controls for factories, oil refineries, smelters, iron foundries, and power plants. In addition, the EPA was required to set air quality standards for the nation. The federal government authorized money to help states pay for their antipollution efforts.

In 1977, Congress established a new timetable for meeting the Clean Air Act goals of 1970. The auto industry has already met or exceeded most of those goals. However, many cities still have not met national standards for air quality. Nevertheless, the White House Council on Environmental Quality has credited the Clean Air Act for a remarkable overall improvement in the nation's air quality since 1970.

Water Pollution. In 1970, 1,400 communities and hundreds of industries were dumping untreated sewage into rivers. The severity of the problem was especially dramatized when the Cuyahoga River caught fire near Cleveland, Ohio, in 1969. Although Congress had already taken some action to clean up rivers, the most effective legislation was the Federal Water Pollution Control Act of 1972. The act set a national goal of making all waters safe for fish, wildlife, and people by 1985.

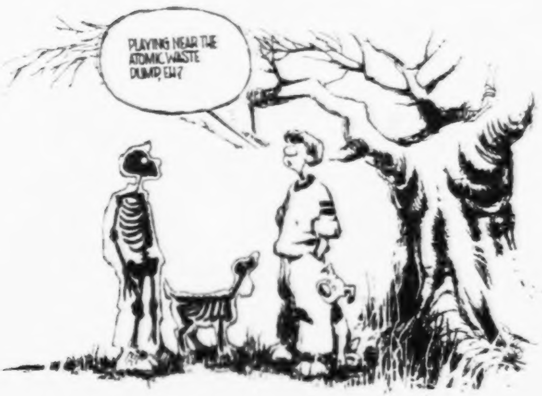
Congress later passed the 1974 Safe Drinking Water Act, which authorized the EPA to set maximum levels for contaminants in drinking water systems, and the 1977 Clean Water Act, which amended the 1972 Federal Water Pollution Control Act. During the past decade, the nation has spent roughly $80 billion to clean and maintain its rivers and lakes. Of that amount, the federal government has spent approximately $33 billion; states and cities, $11 billion; and industry, another $35 billion. As a result, according to the Council on Environmental Quality, the nation's waters are achieving the Clean Water Act's goals of fishable and swimmable waters. Many once-polluted streams, rivers, and lakes now support viable fish populations.

Toxic Substances. In 1976, Congress enacted the Toxic Substances Control Act, which gave the EPA the power to ban or regulate dangerous substances not covered by other regulatory safeguards and to test new chemicals and substances before they are manufactured.

After the events at Love Canal, Congress created a "Superfund" to pay for the cleanup of hazardous waste sites and any future toxic chemical disaster. The company responsible for the disaster would eventually assume the costs, but Superfund would pay most of the initial cleanup costs.

Pesticides. Pesticides are regulated by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), which regulates the registration and use of pesticides. In 1986, 41 environmental groups and 92 chemical companies presented a list of amendments to the act. The amendments would not alter existing standards to judge the risks of pesticides, but would speed up the process for reviewing them. (Since 1972, the EPA has evaluated only 40 of 600 different pesticides submitted for review.) The chemical manufacturers would help pay for the evaluation. Although some companies and farmers who use pesticides are opposed to the amendments, Congress probably will incorporate them into existing laws.

Nuclear Waste. In December 1982, Congress passed legislation establishing a national plan for the disposal of highly radioactive nuclear waste. The new law set up a timetable for establishing a permanent, underground repository for nuclear waste by the mid-1990s. Until the repository is opened, the new law permits the government to establish temporary storage facilities. In 1984, the Department of Energy selected three prime sites west of the Mississippi River for consideration as permanent repositories. The sites are in Deaf Smith County, Texas; Yucca, Nevada; and Hanford, Washington. The Department of Energy will make a final selection by 1991. Local residents near these sites are protesting the selections.


PLAYING NEAR THE ATOMIC WASTE DUMP, EH?

Don Wright, The Miami News

Current Issues

Balancing Environmental and Cost Factors. Most environmental issues today are conflicts between two schools of thought. One school argues that our nation's natural resources should be strictly protected because even small changes in our ecological system could have serious consequences for future generations. Another school of thought argues that, while protecting the environment is worthwhile, the cost of such efforts should be weighed against the benefits. The dilemma lies in determining what level of pollution is acceptable and if the cost of maintaining that level is affordable.

Acid Rain. The issue of acid rain illustrates the difficulty of balancing environmental standards with economic costs. Several recently issued reports recommend that sulfur emissions should be reduced by 50 percent to prevent serious environmental damage due to acid rain. To achieve this standard, coal-burning power plants and factories would have to install expensive antipollution equipment—called "scrubbers"—on their older smokestacks (federal laws already require such equipment on all new power plants and factories). Or, power plants could choose to buy low-sulfur coal, mined in the western United States, instead of high-sulfur coal mined in the East.

The issue is controversial. Utilities and other coal-burning interests argue that installing "scrubbers" would be expensive—as much as $5 billion. Those costs, normally passed on to consumers, could increase utility bills significantly in some states. Moreover, cutting sulfur emissions could create other serious economic costs such as the loss of jobs in heavy industries and high-sulfur coal mining. The coal industry argues that less expensive alternatives, such as the dumping of lime into lakes to make them less acidic, should be considered. They also recommend further research to determine the exact causes of acid rain and inexpensive ways to combat it.

Environmentalists dispute the argument that the economic costs outweigh the environmental benefits of reducing sulfur emissions. They say environmental costs are high, affecting human health, forests, lakes, and wildlife. Moreover, U.S. pollution harms Canada's timber industry and wilderness areas, causing diplomatic problems between the United States and Canada.

Improperly disposed toxic waste can poison topsoil and underground water supplies. In 1980 Congress gave EPA the job of finding and cleaning up thousands of abandoned toxic waste dump sites.

Toxic Waste. Almost everyone agrees that toxic waste sites must be located and cleaned up. But who should pay the cost of cleaning up the waste, and who should compensate people whose homes were contaminated by toxic wastes?

The Superfund legislation (passed in 1980) says that dumpers should pay for the cleanup, but that until they begin work, the EPA should start the cleanup using monies collected through a special tax on oil and chemical companies. Under Superfund, persons who feel that they have been harmed by toxic wastes have the right to sue the manufacturers who created the hazard.

Supporters of Superfund agree that those who created the hazard should be forced to pay for it. However, finding the guilty parties is not always easy. Many toxic waste sites are more than twenty years old, and records about what was dumped or who deposited the wastes may not exist. In addition, some companies that dumped pollutants years ago are no longer in business. As a result, the government cannot recoup its expenses for the cleanup, and injured persons cannot sue a company they cannot identify. Who, then, should pay the costs? One proposal is to use general tax dollars to pay both for cleanup and victim compensation. Another proposal is to enlarge the Superfund by increasing taxes on manufacturers.

Funding for Superfund ended in late 1985.

Unless Congress appropriates more money to Superfund, cleanup operations will cease. EPA will also have to drop its court actions against toxic dumpers. EPA was given a reprieve in early 1986 when President Reagan signed a temporary measure to keep Superfund afloat while Congress debates how to refinance it.

Pollution Standards. Congress has struggled with the problem of balancing environmental standards against the cost of environmental regulation since 1970. In general, environmental regulations have improved the environment. Yet a new question has arisen: Should states and industry be required to lower pollution levels even more?

The debate over stricter pollution standards has tied up reauthorization of the Clean Water Act in Congress. The problem is that the cost of reducing pollutants by 85 percent is relatively cheap compared to the costs of improving that level to a 90 percent or 95 percent pollution-free level. Achieving the higher level could be ten times as costly.

Many industrialists oppose further tightening of the laws. They say that it is unrealistic to try to eliminate all the risks in our environment and that this is the price we pay for living in a technologically advanced society. New antipollution equipment could cost millions of dollars to install, reducing the amount of money available for improving the productivity of factories. Before any new legislation is enacted, the government should carefully weigh the cost of a program against its potential benefits.

Others argue that the goal of environmental laws should be to provide the most healthful environment possible. Environmentalists argue that strict standards will not strain the economy too much since expected improvements in technology will bring down the cost of hazard detection and control. Furthermore, antipollution standards have created a new industry. According to a study by the Natural Resources Defense Council, the Clean Air Act

Will the Birds Still Sing?

In 1962, Rachel Carson published *Silent Spring*, a book condemning the widespread use of pesticides. Carson charged that pesticides were polluting the environment and that they could decimate the nation's wildlife. Carson warned of a "silent spring" in which no birds would be left to sing. Carson's book helped launch the environmental movement in the 1960s and led to tighter controls on pesticide use.

indirectly created some 200,000 jobs for people manufacturing or operating pollution-control equipment. In addition, the act has saved billions of dollars annually in economic and health benefits by preventing disease and environmental damage. The authors of the study claim that the benefits from this act far outweigh the costs to regulated industries.

Use of Federally Owned Land. The Department of the Interior controls 510 million acres of federal land, roughly one-seventh of the nation's land area. Underneath that land is about 80 percent of the nation's oil shale deposits, 35 percent of its uranium, and 60 percent of its low-sulfur coal. In addition, much of the nation's oil and natural gas reserves is thought to be under federal lands and the federally owned outer continental shelf. Some of the nation's land has been leased to private business interests for development of timber, oil, coal, or other mineral resources, and for grazing cattle or sheep. For years many people have looked upon resources located on protected federal lands as reserves for the long-term future. During the 1980s, however, many people encouraged the government to open up federal land to private developers, in part to fulfill the country's energy needs.

President Reagan agrees that more federal resources should be developed. In the early 1980s, the Reagan administration proposed allowing private companies to mine coal on federal land and to search for offshore oil deposits. The administration also proposed permitting energy exploration and development on federal land, including the nation's wilderness. The Department of the Interior has since scaled back or abandoned these proposals because of public and congressional opposition and because low-cost energy is currently available from other sources.

Environmentalists urge caution when granting development rights to federal lands or waters. Many endangered animals, such as the grizzly bear, live in these lands, and the building of roads and the clearing of forests would disrupt their habitats. Furthermore, development can damage water quality and increase soil erosion. Either would have a severe impact on fish. Other critics of developing federally owned resources argue that the resources should be saved for future crises, such as war or a minerals embargo.

Supporters of development say that the country has had to import large amounts of oil and some minerals, such as chromium and cobalt, which could have been taken from federal lands. Considering its large trade deficit, the nation cannot afford to ignore resources in its backyard. Moreover, development supporters contend, the search for and development of these resources must begin now; there will not be time to extract them when an emergency arises.

Outlook

Great strides have been made during the last fifteen years, but we still have serious environmental problems, especially toxic waste. Toxic wastes take a long time to seep into water supplies, and their effects on human health can take years to appear. Moreover, it is extremely difficult to trace birth defects or a serious disease such as cancer back to one source. For these reasons, assessing liability and monetary awards to victims may always be a problem.

Other environmental problems, including acid rain and urban runoff, confront the nation. Congress is committed to protecting the environment. Many members favor new funding to clean up toxic wastes and increased federal grants for sewage treatment centers. But the federal budget deficit—now more than $200 billion—may cause less money to be available to protect the environment than in the past. Congress will have to balance monetary costs against the benefits of a clean environment.

The Debate Environment

Should Economic Considerations Take Priority Over Environmental Issues?

PRO	CON
While a clean environment is important, excessive regulations hurt the economy. We must provide jobs, expand industry, and compete with foreign businesses that are not constrained by tough regulations. The cost of meeting environmental standards and completing the paperwork is too high.	Environmental regulations have improved the quality of our air and water without ruining the economy. In fact, the antipollution industry has created jobs. Without regulations, the cost in health and economic losses would far surpass the cost of enforcement.

Should the United States Act to Reduce Acid Rain Substantially?

PRO	CON
Acid rain is destroying forests and lakes in the northeastern United States and in Canada. The increased damage to buildings and bridges is expensive to repair. We should cooperate with Canada, whose timber industry is threatened by pollution generated in the United States, to reduce acid rain. It is the price we must pay for having a sound environment.	The causes of acid rain are not fully understood. Proposals to reduce acid rain are far more expensive than repairing the damage caused by acid rain. Americans cannot afford higher utility rates, and we should not decrease our use of a domestic source of energy—coal—to reduce acid rain. We should study the problem more before we commit billions of dollars to programs that may not work. We might find a cheaper solution.

Should Federal Lands Be Opened to Energy Developers?

PRO	CON
Federal lands contain a wealth of natural resources. We should take advantage of these areas to develop independent sources of energy and minerals. We also can earn large amounts of money from developing the resources to help balance the federal budget.	Many federally owned lands are precious, irreplaceable areas of natural beauty. Development would spoil that beauty and threaten endangered animals and fish that live there. We should be cautious in the way we use these lands and save our resources for future generations.

Should Polluters Pay the Cost of Environmental Cleanup?

PRO	**CON**
The American taxpayer should not have to pay for the mistakes of polluters. We cannot allow industries to pollute the environment without penalty. Proper cleanup of environmental hazards is the cost of doing business and not a cost that can be passed along to the public through higher taxes or health risks.	One way or another, the cost of cleaning up the environment will fall on American citizens. Companies will either pass on the expense to consumers through higher prices, or they will go out of business, leaving the government to pay. The government is the best, most reliable agent to clean up toxic waste.

Have Antipollution Standards Gone Far Enough?

PRO	**CON**
The United States has reduced pollution successfully without harming the economy. We are now 85-percent pollution-free. But making the environment another 5 percent cleaner will be very expensive. It isn't necessary to go that extra distance. Unfortunately, living with some pollution is the price we must pay for living in a technologically advanced world.	No one can say for sure that the environment is 85-percent pollution-free. Moreover, the citizens of this country are still exposed to chemical pollutants that are capable of causing serious health problems such as cancer or genetic defects. No one knows what the long-term effects of such exposure will be. We can't afford to be lax now; the risks are too great.

Agriculture

The harvest of 1985 set new records for American agriculture. America's 2 million farmers harvested nearly 240 million tons of corn, 50 million tons of soybeans, and 13 million bales of cotton. Most people would expect farmers to be reaping huge profits with such a huge crop to sell. Yet, as the tractor combines reaped the harvest, some farmers could only watch and shake their heads. As strange as it may seem, the record harvest of 1985 would be their ruin. That year, overproduction and falling crop prices forced almost half a million farmers to declare bankruptcy and quit farming. Many had to sell their land—in some cases, land that had passed from generation to generation for more than 100 years. Across the nation, American farmers—and the family farm—are disappearing.

The loss of farms in America has far-reaching effects throughout the economy. Among those affected are the banks and stores that depend on farmers' business, the fertilizer and farm-machinery industries that manufacture agricultural supplies and equipment, and the 20 million people—one-fifth of the nation's work force—who hold jobs related to food production and distribution. Because the farm crisis affects so many segments of the economy, some people think that the government should increase its aid to farmers. But to what extent should the government be involved in agriculture? The outcome of the debate surrounding this question will affect the future of not only the nation's farmers but also the people and businesses that depend on them for their livelihood.

Key Questions

- What measures would ensure that American farm products are competitive on the international market?
- Should the federal government pay the debts accumulated by individual farmers?
- Do corporate-owned farms operate more efficiently than traditional family-owned farms?
- Should rivers be used to irrigate farms or supply water to growing cities?

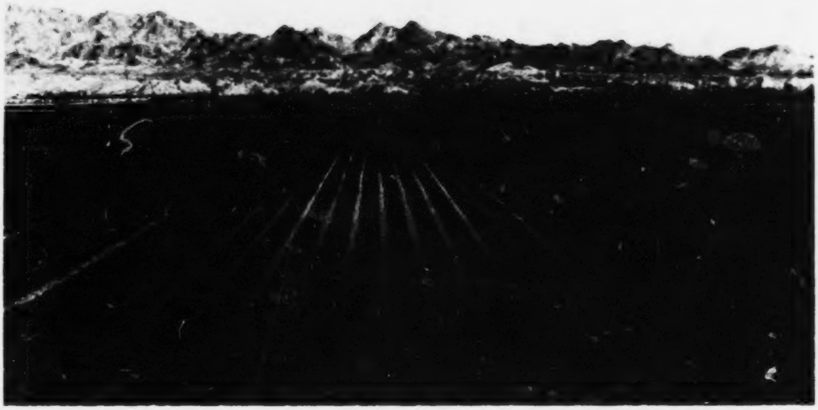
Background

The Farm Industry

The Crisis of the Family Farm. The United States has lost more than 3 million farms in the last twenty-five years. Today, fewer than 2.3 million farmers (about 1 percent of the total population) still work the land. Of these, only 700,000 operate full-time commercial farms. More people are leaving farming because of dramatic increases in the cost of production (i.e., equipment, fertilizer, seeds, etc.), inflated land values, and a relative decline in the prices farmers receive for their produce. With the average age of the American farmer now more than fifty years, many wonder where the next generation of farmers will come from. Starting a farm is very expensive. Unless an individual is fortunate enough to inherit a farm, the initial investment can be as high as $700,000 for a relatively small farm.

In the last few years, more and more family farms have gone bankrupt, primarily because of high interest rates. Farmers must borrow large sums of money to raise a crop. Then, after selling their produce, farmers must repay their loans. Low crop prices and high interest rates hurt farmers by requiring them to forfeit a larger portion of their crops to repay their loans. During the late 1970s, many farmers went deep into debt to expand their farms to meet large demands that were predicted for food exports. Instead of going up, demand went down, placing many of these indebted farmers in great financial jeopardy. According to some experts, the present crisis is causing as many as 238 farmers to declare bankruptcy *every day*.

Corporate Farms. The traditional family farm is losing ground to giant corporate-owned farms as economic pressures have forced small farmers out of business. Today, some 7,000 U.S.



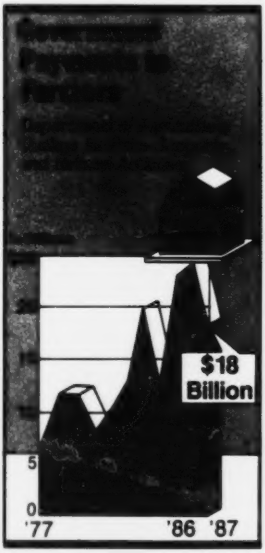
Bureau of Reclamation/U.S. Department of the Interior

The growing cities of the arid West—such as Denver, Los Angeles, and Tucson—compete with farmers for limited water supplies. City leaders complain that open-ditch irrigation wastes water needed by their cities.

farms are owned by corporations, which are owned by stockholders or by even larger corporations, such as food processors or suppliers. An estimated 83 percent of all farm income is earned by just 12 percent of the farmers.

Corporate farms have several advantages over the small family farm. Being larger in size, they are more efficient. For instance, some corporate farms can grow a bushel of corn at a third of the cost to family farms. Corporations also have vast financial resources and tax advantages because of their corporate status.

The Role of the Government. During the Great Depression of the 1930s when thousands of farmers went bankrupt, the federal government stepped into the farm industry to protect farmers from sudden price fluctuations and natural disasters and to stabilize food prices for consumers. Today, many government programs benefit farmers. The government provides crop insurance and helps farmers learn about innovations in farming. But the most significant programs stabilize prices by setting target prices, guaranteeing loans, and paying farmers not to farm part of their land. The cost to the government has been high. The Department of Agriculture estimates that it has spent more than $79 billion on these programs since 1981.



Source: Office of Management and Budget

Most of the money Congress appropriates for farmers goes to income-support and price-support programs. Only a small portion ($1.8 billion in 1986) goes toward agricultural research programs that increase crop productivity and develop new theories on human nutrition.

Target Prices. Under the target price program, the government sets a minimum, or *target*, price that farmers will get for their products based on a level below the expected market price. If prices dip below these levels, the government pays farmers the difference between the market price and the target price.

The basis on which the government determines the target price is controversial. Many farmers want the government to determine the target price using the concept of *parity*—the price at which a certain amount of a crop will buy the same amount of goods and services as it did in 1910–14, the period considered the "golden age" of American agriculture. Farm groups often call for target prices set at 100 percent of parity.

Loans as Price Supports. Loans serve as a kind of price support. Using their crops as collateral, farmers can borrow money from the Department of Agriculture to pay for seeds or other farm goods and implements. The government loans farmers money based on a rate set near the estimated average cost of production. (Actual costs vary greatly from state to state.) If the market price is below the loan price after harvest, farmers simply give the government their harvests. Otherwise, farmers repay the loan from their profits. Because prices have been so low recently, the government has had to collect thousands of tons of grain, soybeans, and dairy products from farmers.

Set-Asides. Set-asides are part of a government program that pays farmers not to farm part of their land. Such limits on production decrease supply and help curb the surpluses that price supports can cause. But set-asides only limit the number of acres used, not the amount grown on each acre. Supplies often increase despite set-asides because farmers have learned to produce more on the same amount of land.

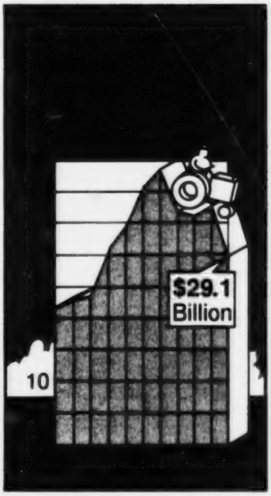
Payment in Kind (PIK). In 1982, the Reagan administration announced a voluntary acreage reduction program called payment in kind (PIK). Under this program, the Department of

Agriculture gives surplus crops, such as wheat, corn, and rice, to farmers who agree to set aside either all or part of their own crop for a year. Farmers then sell the government-owned surplus crops as if they were their own and pocket the money. In its first year of operation, farmers withdrew 78 million acres from production (roughly equivalent to all the land in Iowa, Illinois, and half of Indiana combined). The program succeeded in reducing surpluses of some crops, especially corn, and in increasing prices. Because grain surpluses have increased again to near record levels, experts predict that more farmers will enter the PIK program in the coming year.

Farm Security Act of 1985. After nearly a full year of heated debate, Congress passed the Farm Security Act of 1985. The new law establishes farm policy in the United States through the 1990 growing season. The legislation will: (1) lower price supports for crops, (2) continue providing income support to farmers through federally funded loans, and (3) establish strict soil conservation programs. The Reagan administration, a strong supporter of the new law, believes that it will return U.S. agriculture to a competitive position in world markets by reducing prices for American-grown crops and thus increasing worldwide sales. The new law will also reduce the government's role in the farm industry.

Problems in American Agriculture

Rising Debt. Farmers are usually in debt, as is the nature of any large business. But in recent years, farmers have been carrying far more debt than is safe for any company. Much of that debt was accumulated during the 1970s, when farmers borrowed money to expand their farms and bring more land into cultivation to meet the apparent growing demand for farm goods. Unexpectedly, demand fell during the 1980s, leaving farmers stuck with huge debts, high interest rates, and not enough income to repay the debts. In 1985, farm operators owed an overall debt of $215 billion. Individually, 40,000 of the nation's commercial farms have debts greater than 70 percent of their business's assets. These farmers are in great danger of going bankrupt within a year. An additional 160,000 farms have debt loads between 40 percent and 70 percent of their assets. Those farmers are in danger of going out of business within the next six years if the farm economy does not improve.

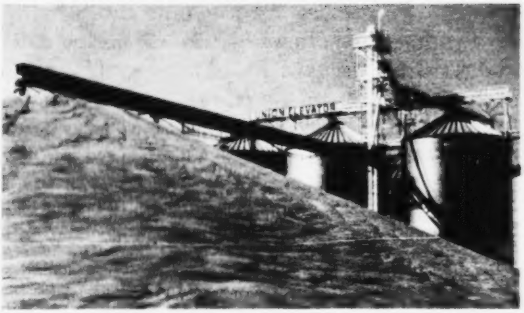


Source: U.S. Department of Agriculture

U.S. farm exports have declined because of increased competition from farmers in Western Europe and South America and the high value of the dollar overseas. One of the goals of the Farm Security Act of 1985 is to bring U.S. crop prices closer to world market levels.

Decline in Farm Exports. American farmers have long been the leaders of the world agricultural market. No longer is this true. After years of increases, U.S. farm exports fell more than 77 percent in 1985. One major reason for the decline in exports was the recession of the early 1980s. Although no longer a factor in the United States, many countries—especially those in the Third World—are still feeling the recession and have cut back greatly on their imports of all goods, including food.

In addition, competition for the food market has stiffened. Farmers in Western Europe and South America have taken a large share of the agricultural markets that American farmers dominated for more than a decade. In Western Europe, farm exports are able to beat American prices because of government subsidies. In South America, because land prices and living standards are lower than in the United States or Europe, farmers have been able to grow food at a lower cost than in the United States. President Reagan blames the price-support system for making American farmers less competitive. He maintains that the price-support system guarantees that American farmers are paid a minimum price for some products—well above prices prevailing in the rest of the world. American farmers also have been hurt by high interest rates, which have increased the value of the dollar. The high price of the dollar—in relation to other *currencies*—increases the price of all U.S. goods sold abroad by as much as 30 percent.



Uniphoto/Joel W. Rogers

The government has seized more than 2 million tons of corn, wheat, and dairy products over the last five years as payment from farmers who defaulted on their government loans. Storing the crops is now a major problem.

Overproduction. While overseas demand has declined, American farmers are still producing as much as they ever have, resulting in huge surpluses in a variety of goods. One reason for these surpluses is the increased land put into production during the 1970s. Another reason is said to be price supports, which encourage production since farmers know they will get a minimum price for their product. A third reason is that farmers cannot be sure that the price paid for their crops will be enough to cover the costs of production. As a result, farmers produce as much as they can to try to pay back their outstanding debts. The overall effect of food surpluses is that they lower the price for these goods, often to lower than the cost of production.

Overproduction in 1985 produced a record crop of wheat and corn, but also caused prices for these and other agricultural products to drop dramatically. Thus, many farmers who had grown more food than ever before were forced to quit farming and declare themselves bankrupt.

Soil Erosion. Farmers constantly must battle erosion of vital topsoil, surface soil rich in organic matter. Without good topsoil, farmers must invest large sums in chemicals to keep their soil fertile. After declining for decades, soil erosion rates recently have been rising. Today, the average rate of soil erosion is approximately five tons of topsoil per acre each year, but some farmers lose as much as 100 tons per acre annually.

Several factors contribute to the loss of topsoil. Ironically, the most significant factor may be improvements in fertilizers, pesticides, seeds, and farm equipment that have helped farmers prosper. These improvements helped farmers bring more of their land into production, rather than allowing it to rest periodically and naturally regain its nutrients. The rapid growth of farms during the 1970s also affected soil erosion because many farmers tore down trees, which help control erosion, in order to bring more land into production.

Since the dust bowl days of the 1930s, the government has sponsored a number of programs to encourage soil conservation among farmers. However, under soil conservation provisions of the 1985 Farm Security Act, the government now has the power to penalize farmers who do not practice good soil management. In the future, the government will limit federal farm price supports and other benefits to farmers who plow fragile lands for crop production or drain wetlands for planting.

Farm Income

Americans eat a lot—and we pay for it. Each person in the United States consumes an average of about 1,400 pounds of food a year. In 1985 the nation spent $346 billion on food, of which 24.6 percent or $85 billion went to the nation's farmers. The remaining $261 billion went to packagers, processors, storers, and retailers.

Water. Water remains a major concern to farmers in the West. Most of the country west of the Missouri River receives little rain. Described as the Great American Desert more than 100 years ago, the land now—through irrigation—includes some of the nation's most fertile farmland. However, recent water shortages have threatened the prosperity of the region.

Kansas and Nebraska farmers irrigate their crops using water from a large underground source, or *aquifer*. But if they continue to use the aquifer at current rates, it could dry up completely in twenty to thirty years.

Farther west, farmers use water from streams and rivers to irrigate crops. But growing urban areas compete with farmers for water. During the 1970s, the city of Denver built huge tunnels through mountains to divert water from Colorado's western slopes to the eastern slopes to ensure that the city would have enough water for residents. Although the city received permission from both state and federal officials, the diversion still angers farmers and ranchers in the western part of the state. In Arizona, the cities of Phoenix and Tucson compete with farmers in southern California for water from the Colorado River. Like

Denver, Phoenix and Tucson have had a building boom but do not have the water to supply their new residents and businesses. California farmers have fiercely opposed Arizona's attempt to get funds and complete the Central Arizona (water diversion) Project. Farmers complain that the Colorado River is already overused. Except during unusual floods, the Colorado River no longer reaches its natural mouth in the Gulf of California. City officials say that farmers waste too much water. They claim that farmers already use four-fifths of the water used by the nation each year for irrigation. Furthermore, they claim that more than half of the irrigated water is lost because of wasteful practices.

Current Issues

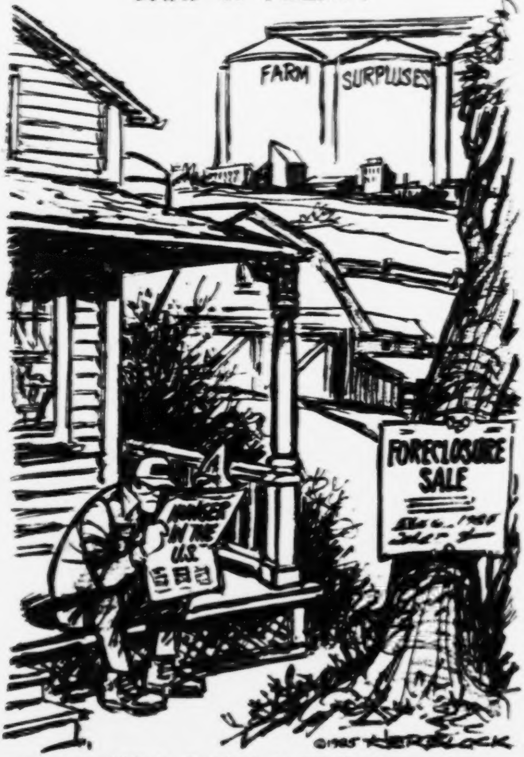
Price Supports. The Reagan administration has called for an end to the price-support system that has been in effect for more than fifty years. The administration argues that the system is too expensive, especially in light of the government's huge budget deficit. It also complains that the system encourages overproduction—leaving the government and farmers with farm products that cannot be sold. As a result, the support system lowers prices and fails to raise farm incomes. Other critics say that price-support programs have amounted to subsidies to highly vocal special interest groups, including tobacco growers and dairy farmers. Independent economic researchers have pointed out that unless interest rates drop, the current price-support system will not save many farmers from bankruptcy.

Philosophically, the Reagan administration believes that the government should not interfere in the marketplace, including agriculture. Supporters of this view argue that eliminating the government's presence in agriculture and leaving the fate of farmers to the free market would weed out inefficient farmers, leaving a tough, lean farm industry more capable of competing in the world market.

Farmers claim that drastic cuts would cause them great harm. They say that the world agriculture market is not a free market since it includes many competitors whose products are subsidized by their governments. Furthermore, ending price supports would be unfair since many farmers have long relied on the existing government system. Many farmers believe that the government should phase out price supports over a longer period of time to help farmers through the transition.

HERBLOCK'S CARTOON

LAND OF PLENTY



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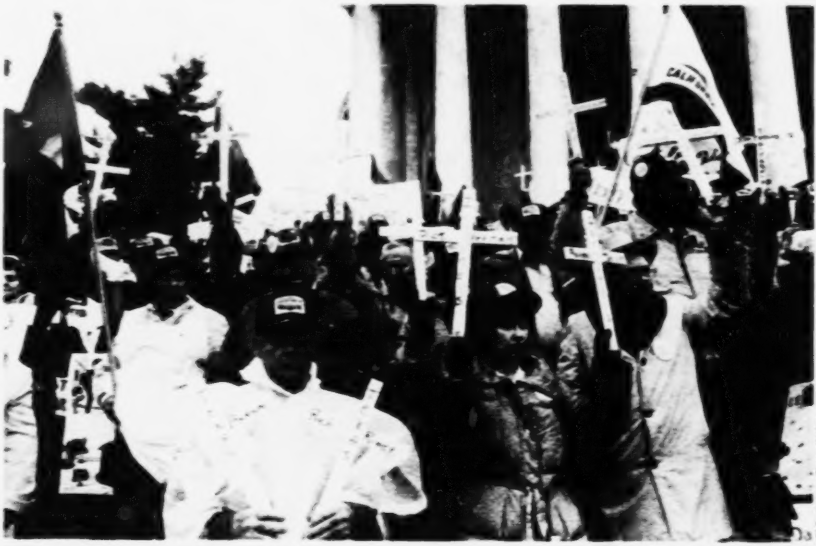
Family Farms. Some economists argue that small family-owned farms make no economic sense because large corporate farms are more efficient. But supporters of family farms point out that thousands of farmers are operating large, efficient family farms, and many have incorporated their businesses. Additionally, many of the farmers who could go bankrupt without federal assistance are efficient farmers who were in the process of building up to the corporate farm level when interest rates began to soar and farm prices decreased. The supporters argue that these farmers could succeed if given a chance. However, according to farm lobbyists, if government support for farming is cut off, it would end any hope of saving traditional family farms.

Maintaining Low Prices for Consumers. Most proposals to raise the income of farmers would raise food prices for consumers. Some policymakers believe that Americans can afford to pay a little more to improve the health of the farm industry. They note that Americans pay less of their income for food than do people in any other industrialized country. However, consumer groups claim that farm subsidies already have inflated the price of many foods and that further subsidies would put an unfair burden on consumers. They point out that U.S.-grown sugar sells at four times the world market price because of limits on the amount of sugar that can be imported.

Farmers say there are sound reasons for consumers to back farm price supports. They note that by creating surpluses, the government has built up a reserve of food that has protected consumers against the price increases that would occur as a result of droughts, freezes, or insect infestations. Furthermore, farmers note that the low prices offered by subsidized imported food would disappear once American farmers leave their farms because they could no longer compete. Consumer groups dismiss both arguments. While subsidies might help maintain price stability, the government could



UPI/Bettmann Newsphotos

Farmers from across the country gather in Washington, D.C., to ask Congress to increase farm relief. The farmers carry white crosses that bear the names of other farmers who have declared bankruptcy in the last year.

maintain price stability at a much lower cost than do current subsidy programs. They note that government food stockpiles are so high already that much of the surplus food may never be eaten and will just rot.

Outlook

Recently, 2,000 farmers from across the country marched to Washington, D.C., and planted 250 white crosses in Lafayette Park, across the street from the White House. The farmers said that the crosses—each bearing the name of a fellow farmer who had gone out of business—represented the number of farmers declaring bankruptcy each day. Even with the income support provided by the Farm Security Act of 1985, most experts predict that it will be another five years before most farmers are able to make profits once again. Until then, it is likely that the number of crosses will multiply.

The Debate Agriculture

Should the Government End Federal Payments to Farmers?

PRO

Federal farm subsidies have cost the government more than $79 billion since 1981. This represents a tremendous drain on the treasury, and the subsidies have failed. They have encouraged overproduction and discouraged cost controls. Furthermore, subsidies have made U.S. farm exports less competitive in the world market. By ending federal payments, the free market will weed out inefficient farmers, leaving a lean, tough, and efficient farm industry.

CON

It is wrong to say that ending federal payments to farmers will weed out only the inefficient. The inefficient farmers were wiped out during the farm crisis of the early 1980s. The current farm crisis threatens to bankrupt some of America's most efficient and innovative farmers whose only mistake was to try to expand the size of their farms to meet the expected world demand for food. The government has an important role to play in agriculture. Federal payments ensure against severe crop failures and unfair competition from abroad.

Is Government Involvement Necessary to Ensure That American Farmers Can Compete on the International Market?

PRO

American farmers have been handicapped in competing on the international market. For instance, the high price of the U.S. dollar pushes up the price of U.S. farm products by as much as 40 percent. Also many nations have subsidized their agricultural industries to the point where their products are cheaper than ours are. Only the federal government can equalize the competition. The government should continue to subsidize U.S. farmers and introduce measures that will lower the value of the dollar overseas.

CON

Government aid to farmers—specifically price supports—have made U.S. farm exports uncompetitive by setting the price above the world standard and by encouraging overproduction. Giving subsidies to farmers worsens the problem by encouraging waste. U.S. farmers have to realize that they no longer are the most efficient food producers in the world. They have to make sacrifices to improve their efficiency just like any other business.

The Debate, Agriculture

Continued

Should the Government Help Farmers Who Cannot Pay Their Debts?

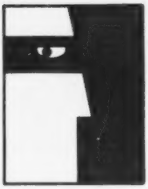
PRO

In the last several years, government policies encouraged farmers to increase their production to meet what was thought to be a growing demand for farm goods. When the demand did not materialize, the government abandoned farmers and left them with too many crops, deflated land prices, and massive debts. The government created the farm crisis, and it is up to the government to solve it.

CON

It is time for the farmers of America to stop seeing the federal government as a bank. The government cannot afford to come to the aid of every farmer in America, and it cannot be held responsible for farmers' mistakes. Like other business owners, farmers must learn how to manage a business successfully rather than expecting the government to bail them out every time they get into trouble.

Crime



On a New York City subway train, four youths asked another passenger for $5 for arcade money. Rather than surrender his money, the passenger pulled out a gun and shot all four—two in the back. When it appeared that one shot had missed, the passenger shot one youth again. The victims all had criminal records, which included convictions for armed robbery and burglary. The passenger, Bernhard Goetz, had no previous criminal record. His only experience with the criminal justice system was when he was mugged and beaten several months before. His assailant was released from jail after four months.

In calls to radio talk shows and letters to newspapers, many New Yorkers hailed Bernhard Goetz as a hero—a victim of crime who fought back. Psychologists interpreted support for Goetz as an outcry against the criminal justice system. Today, more and more people believe that crime is rampant and that both citizens and police are helpless to combat it. They want government to get tough on criminals; they want more police, longer prison sentences, stricter controls over granting parole, reinstitution of the death penalty, and fewer criminals released on constitutional technicalities. Some people think that stricter gun control measures would help reduce crime. But all of these proposals would involve sacrifices—such as higher taxes to build prisons and hire more police—and would reduce constitutional protections for the innocent as well as the guilty.

Even the strictest measures may not reduce crime. Thieves may continue to steal, and murderers may kill even more people, perhaps because of poverty, frustration, or merely from living in a permissive society. Some people believe that crime can only be reduced when society solves the problems that cause crime.

Key Questions

- Should the government tighten handgun controls?
- Are constitutional protections for people accused of crimes too stringent?
- Will longer prison sentences reduce crime?
- Should the death penalty be reinstituted?

Background

Crime in America. Crime affects a large segment of the population. According to the Federal Bureau of Investigation (FBI), 34.5 million criminal offenses occurred in 1985. A report from the Department of Justice shows that nearly one person in ten will be a victim of theft and one in thirty will be a victim of an act of violence this year. Contrary to popular belief, victims of violent crime tend to be young, not old, and men, not women. Moreover, the poorest of the poor—those with annual incomes less than $3,000—are more likely to be victims of property crimes than are people with yearly incomes of more than $25,000.

Family violence—crimes such as wife beating, child abuse, abuse of the elderly, and child molestation—has long been common but often goes unreported. Many of the victims have not pressed charges in these cases, perhaps because they did not want to send a family member to jail or because they feared reprisal. Furthermore, police rarely made arrests for wife beatings because it was believed to be a more appropriate area for family counselors than the judicial system. But a study by the Department of Justice concluded that arrest of a violent family member rarely resulted in reprisals against the victim, and often improved the situation, especially when the courts ordered family members to enroll in special counseling programs. Often the mere shock of arrest has a sobering effect on the violent family member.

Fear of Crime. Fear of crime is another form of victimization because it causes people to restrict their activities. According to a recent poll, 45 percent of all Americans are afraid to go out alone at night within a mile of their homes.

What Causes Crime? It is hard to say with certainty what causes crime, but many things are blamed. Highest on the list is unemployment. Unemployed people are more likely to be depressed and frustrated and therefore more apt to commit violent or antisocial acts. This is especially true in ghetto areas, where homicide is the leading cause of death among black men between the ages of twenty-five and forty-five. Also high on the list is the increased use of illegal drugs. In 1984, nearly 25 percent of all criminal cases in federal courts involved drug trafficking. Other social factors also contribute to crime. For example, an unstable home life and absence of affection often fosters drug abuse, juvenile delinquency, and crime among youth. Also, child abusers are often people who themselves were abused as children. However, researchers argue that social factors alone cannot explain why, under similar circumstances, one person commits a crime while another does not.

Career Criminals. Career criminals commit the majority of crimes. According to the Justice Department, about four-fifths of the persons sent to state prisons are repeat offenders, and many of them commit additional crimes soon after being released from jail. Career criminals are also responsible for the most serious crimes, including burglary, theft, and robbery. Also, members of organized crime and youth gangs commit nearly half of all violent crimes—assaults, murders, and armed robberies. One aspect of organized crime, drug trafficking, is linked to a large number of murders (e.g., one out of three in Miami).

Uniphoto/Stacy Pick

Another significant factor in the high rate of crime in the United States could be that many criminals believe that crime pays. Only 20 percent of the people involved in illegal activities ever get caught. Furthermore, since both court schedules and prisons are overcrowded, criminals can usually bargain for lesser penalties by pleading guilty. Many criminals feel confident that they probably won't be caught, and if they are, they will not have to serve much time in prison. According to a recent government study of prison terms in thirty states in 1983, more than half of all convicted murderers served prison terms of less than seven years, and half of all convicted rapists served less than three years. A similar study for 1982 showed that half of all convicted thieves served terms of less than fourteen months.

Availability of Weapons. Experts cite the availability of guns and the growing willingness of people to use them as major factors in the high crime rate. In many states, one can buy a gun as easily as groceries. Other states have tougher controls, requiring identification and a written statement that the buyer does not have a criminal record. Nevertheless, many criminals easily evade these regulations. For example, New York City has the toughest gun control law in the country, forbidding the sale of guns or their import into the city. Yet New Yorkers—whether criminals or law-abiding citizens—have found ways to obtain guns, purchasing them out of state or from friends.

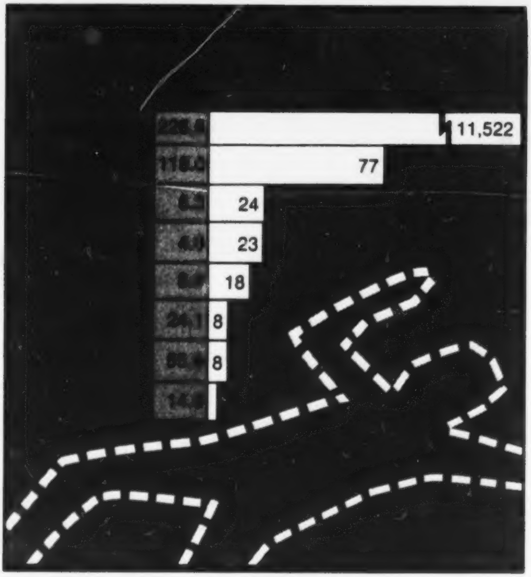
Of the 50 million to 60 million guns that have been sold to private citizens, the favorite of criminals is the "Saturday Night Special"—a low-quality, inexpensive handgun that can be easily concealed. Saturday Night Specials were used to commit most of the nation's 8,932 handgun murders in 1984. Although Congress has tried to eliminate cheap handguns by making their import illegal, gun manufacturers found a loophole in the law that allows them to import handgun parts and assemble them here.

Reporting Crime

According to the Department of Justice, only 35 percent of the estimated 37.1 million crimes committed in 1983 were reported to authorities. Many victims did not report crimes because they:

- thought the crime was not important enough
- could not identify the criminal
- did not want to bother police
- felt the incident was a personal or private matter

The Cost of Crime. The cost of crime is high. According to the National Crime Survey, losses from personal and household property crimes exceeded $10 billion in 1980. The FBI reported that commercial robberies; store, office, and warehouse burglaries; and shoplifting surpassed $1 billion in 1980. But these figures just touch the surface. The economic effects of crime include lost productivity resulting from victims' absence from work, costly medical care, increased insurance premiums, burned-out neighborhoods (resulting from arson), and increased police protection. Experts estimate



Source: Handgun Control, Inc.

The United States suffers from a higher crime rate than its industrialized allies. Experts attribute the high rate to many factors including unemployment, drug abuse, the availability of guns, and an inefficient justice system in which criminals plea bargain for lighter sentences and do not receive adequate rehabilitation.

that the total cost of crime lies somewhere between $170 billion and $300 billion each year.

Legal Rights for Suspected Criminals. The Bill of Rights (the first ten amendments to the Constitution) gives persons accused of crimes certain guarantees that the government will treat the suspect fairly. Among these are:

- the Fourth Amendment, which protects persons from unreasonable searches and seizures;
- the Fifth Amendment, which protects suspects from being compelled to testify against themselves;
- the Sixth Amendment, which guarantees the right to a speedy trial with a jury and the right to counsel; and
- the Eighth Amendment, which forbids excessive bail and cruel and unusual punishment.

To enforce these protections, the Supreme Court has devised some difficult rules that sometimes result in criminals going free.

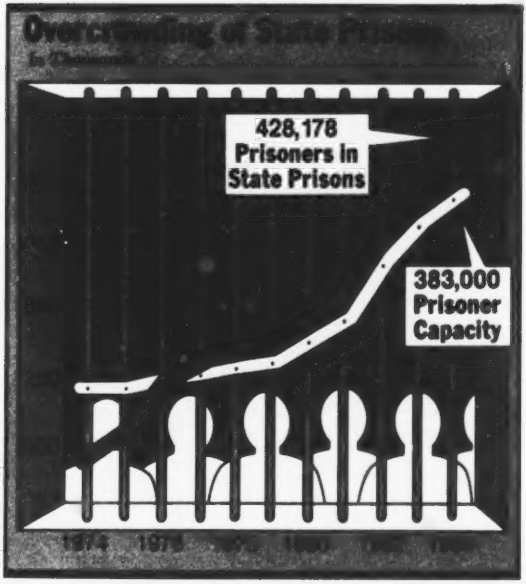
The Exclusionary Rule. The Fourth Amendment protects citizens from arbitrary intrusions on their privacy or harassment from public officials. Before a police officer can search a place or a person, the officer must first present to a judge specific justification for a search (such as proof that a crime has been committed and that the evidence sought would be useful) and a list of things to be seized and their location. Based on this information, the judge can issue a warrant, which permits a search but limits the officer to those places listed. Warrants are not needed in situations that demand swift action. Courts have found that the most effective way to enforce the Fourth Amendment is to exclude any illegally seized evidence from trials. Excluding such evidence sometimes results in the failure to convict a suspect—or even the dismissal of charges—for lack of proof.

However, the Supreme Court provided an exception for the exclusionary rule in 1984. If a police officer made an illegal search in "good faith" that he or she had a proper and valid warrant, evidence from that search could be used in court.

The Miranda *Ruling.* The Fifth Amendment and the Sixth Amendment apply at the time of arrest. For many years, some police departments routinely questioned suspects for extended periods of time without an attorney being present. However, the Supreme Court issued guidelines in 1966 to protect criminal suspects from such abuses. In the case of *Miranda* v. *Arizona*, the Court ruled that suspects must be read their legal rights before being questioned. The rights include the right to remain silent and the right to a lawyer. If the police do not inform the defendant of his or her rights, any evidence gained from questioning cannot be used in court.

Overcrowded Prisons. Overcrowded federal and state prisons today house nearly 500,000 prisoners, almost 90,000 over capacity. Overcrowding has led to increased violence in the prisons. Recent prison riots in New Mexico, West Virginia, and other states have left both inmates and guards dead. Courts have ruled that overcrowding in some prisons violates Eighth Amendment protections against cruel and unusual punishment. During the early 1980s, the courts declared unconstitutional the entire prison systems of Alabama, Florida, Mississippi, Oklahoma, Rhode Island, Tennessee, Texas, and the male facilities in Michigan. Courts ordered these and other states with crowded facilities—including Washington, D.C.—to release some inmates on an emergency basis, transfer others to local jails, or spend millions of dollars to build new prisons.

Besides being overcrowded, existing prisons are old. Nearly 44 percent of the nation's prisons, housing about 61 percent of the inmates, are more than thirty years old. More than 11 percent of the imprisoned population live in facilities built before 1875. Despite public demand for longer sentences for convicted criminals, state and federal authorities cannot find the money or public support to build new prisons. Modern prisons are expensive to build, since they generally include facilities for medi-



Source: Bureau of Justice Statistics

A rising crime rate and tougher sentencing have caused prisons to become dangerously overcrowded. Many judges have ruled that crowded conditions violate the Constitution's guarantee against "cruel and unusual punishment" and have ordered prison systems to drastically reduce their inmate populations.

cal and psychiatric treatment, athletics, and recreation, in addition to modern security equipment. The cost of building new prisons is more than $50,000 per individual cell.

Current Issues

Gun Control. Many lawmakers argue that violent crime cannot be curbed unless handgun possession is limited. Proponents of gun control point out that handguns are the weapon of choice for violent crimes and that they are involved in nearly half of all murders in the United States. Many people believe that the widespread availability of handguns (currently between 50 million and 60 million in the United States) contributes to this rate. In countries with tighter restrictions on handgun ownership, handguns kill far fewer people. Gun control proponents want the government to at least require everyone to register their handguns and to require background checks on all handgun purchasers to see if they have a crimi-

The perception that the crime rate is increasing has caused millions of Americans to arm themselves for self-protection.

National Rifle Association

nal record. Some people want to ban handguns totally. They believe that a ban would reduce the number of guns available to criminals and also reduce the number of accidental shootings and shootings that result from arguments.

Opponents of gun control, led by the National Rifle Association (NRA), argue that the Second Amendment to the Constitution, which guarantees citizens the right to "keep and bear arms," forbids any sort of gun control. These groups fear that any form of gun control, even requiring licenses for certain kinds of weapons, may be a first step toward government seizure of weapons. Gun control supporters contend that the Second Amendment does not rule out handgun regulation, and only protects rifles and guns necessary to state militias. The Supreme Court supported the latter view in 1983, when it left intact a local handgun ban in Morton Grove, Illinois.

The gun lobbies argue strongly that gun control would neither prevent crime nor keep criminals from obtaining guns. They say that criminals do not purchase guns over the counter. These groups warn that, ultimately, gun control could create an unarmed public at the mercy of well-armed criminals. For these reasons, they support legislation that would relax restrictions on buying and transporting handguns.

Growing Up

According to the Department of Justice, the average age at which an inmate in federal prison first fired a gun is 13.2 years.

Stricter Penalties for Criminals. During the 1970s, many states changed their laws to require mandatory sentences for some crimes, with little or no opportunity for parole. This took away broad powers of discretion that previously belonged to judges. The new laws reflected a view among many voters and state legislators that sentences were too short and that dangerous criminals were back on the streets in a relatively short time because of parole or probation. The new "get tough" laws are filling up prisons at a rapid rate. During the last ten years, the number of prisoners has nearly doubled, despite a recent drop in the crime rate.

According to civil libertarians, the tougher laws create many problems. First, mandatory sentencing procedures do not give judges enough discretionary power. For example, a young person convicted of drug possession in New York receives an automatic fifteen-year mandatory sentence in a maximum-security prison. The court cannot shorten or commute the sentence, even if the person has no other offenses and appears as if he or she would never commit the crime again. Supporters of the laws for tougher sentencing say that longer sentences are needed to deter potential criminals and to get career criminals off the street.

WARNING
NEIGHBORHOOD WATCH

Preventing Crime
Since the late 1960s, citizen groups such as Neighborhood Watch have been organized by local police departments to help reduce crime. Participants watch their neighbors' property and report suspicious activity to the police. Orange, New Jersey, cut its crime rate by 14 percent through a city-sponsored Neighborhood Watch program.

Another problem, according to critics, is that prosecutors have too much discretion. As a result, a person guilty of a serious crime can make a "deal" with a prosecutor to plead guilty to a lesser crime that carries a shorter sentence. However, an individual protesting his or her innocence receives a stiffer punishment if convicted. Prison reformers prefer the approach adopted in Minnesota, which emphasizes jailing violent criminals but imposing less severe sentences for nonviolent property crimes.

Ending Parole. In recent years, many states have greatly limited parole or repealed their parole programs altogether. Those in favor of ending parole argue that no one can really determine when a criminal has been rehabilitated. They say that ending parole keeps prisoners in jail longer and therefore better protects the public. They also say that letting criminals out early for "good behavior" ignores a victim's suffering and undermines society's belief that "crime does not pay." They say that criminals should serve their complete sentences.

Many state prison officials question ending parole. They say that prisons are already bursting at the seams. Between 1976 and 1984, the population of state prisons increased by 180,000 inmates, almost 45,000 over capacity. Prison officials say that releasing prisoners early on parole is one of the few ways to relieve overcrowding and that parole programs can be designed to protect society. For example, Georgia has a comprehensive probation system in which participants must: (1) abide by a strict curfew, (2) meet five times a week with probation officers, and (3) undergo tests regularly for signs of alcohol and drug use. Furthermore, the program saves money. The program costs the state only $5.20 a day as opposed to the $26 it costs to house prisoners. Prison officials also worry that, without parole, prisoners will have little incentive to avoid getting involved in the violent subculture that exists within prisons.

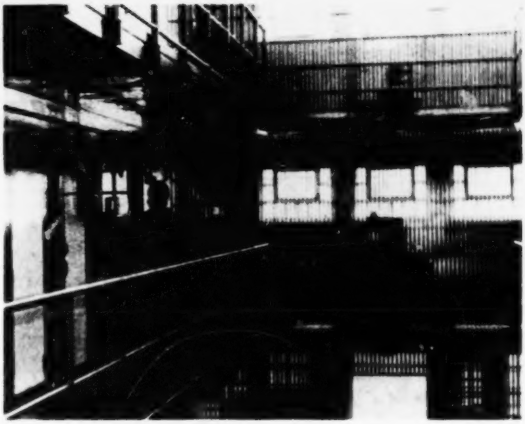
Money for Prisons. In 1981, a presidential task force on crime called for $2 billion in federal subsidies to help states build new prisons. Because prisons are overcrowded, the panel said, judges are endangering the community by granting probation instead of prison sentences. However, the cost of prison construction is high, and some voters believe that convicts do not deserve better conditions. They resent the $7.4 billion—up 10 percent from 1984—that governments spent in 1985 alone to take care of criminals, especially when other programs such as education were being cut.

As an alternative to state-run prisons, some experts support contracting private businesses to build and run prisons. Today, more than thirty prisons are owned or operated by private groups in New Mexico, Pennsylvania, Tennessee, Texas, and other states. Supporters say that private prisons save states money because the government pays the company a set fee for each inmate. The fee is less than what the government would spend to house and feed the inmate in a state-run prison. Private companies say that their costs are lower because they are more efficient and because they are free of the high salaries and pension plans of government employees. Critics fear that private companies, under pressure to make a profit, might seek to economize on staff, training for guards, and rehabilitation programs.

Our Expanding Prison Population

According to the Department of Justice:

- In 1973, 96 per 100,000 Americans were in jail
- In 1983, 179 per 100,000 Americans were in jail



Although most first-time offenders do not go to jail, the threat of prison is thought to deter crime.

American Correctional Association

Such cutbacks could lead to more prison violence, harsh treatment, and prisoner escapes.

The Death Penalty. In 1972, the Supreme Court ruled that capital punishment, as then applied by most states, violated the Eighth Amendment ban on cruel and unusual punishment. The Court reasoned that capital punishment was imposed and applied randomly so as to discriminate against minority groups. Several states have since revised their laws, establishing new Court-approved procedures for applying the death penalty. In 1984, the United States saw a surge in the number of death sentences carried out. Nineteen men and one woman were executed in 1984. The trend continued in 1985 as seventeen more people were executed. By the end of 1985, a record 1,590 prisoners were sitting on death row in thirty-two states. President Reagan supports reinstituting the death penalty for federal crimes such as treason and espionage, although Congress has yet to approve these measures.

Supporters of the death penalty argue that it is the only appropriate punishment for treason and violent crimes such as rape and murder. Supporters also say that capital punishment deters crime because potential criminals know that they will be put to death if they are caught committing a serious crime. According to a 1985 poll, 72 percent of all Americans favor the death penalty for murder.

Opponents of the death penalty believe that it is state-sanctioned murder. They contend that available evidence does not prove that the death penalty deters violent crime. Opponents also argue that some people are bound to be executed for crimes they did not commit.

Weakening Constitutional Protections. A common complaint against the judicial system is that it permits hard-core felons to go free because police violated procedures designed to protect the suspect's constitutional rights. The Supreme Court created many of these procedures—such as reading a *Miranda* warning to a suspect before questioning, or the exclusionary rule—during the 1960s.

Since the mid-1970s, however, the Supreme Court has questioned the need for some of these procedures in certain cases. In recent years, for example, the Court has permitted more exceptions to the exclusionary rule—decisions popular with police who charge that the rule ties their hands and prevents the conviction of serious criminals. In 1985, the Court offered one of the first exceptions to the *Miranda* rule. U.S. Attorney General Edwin Meese has also spoken against the Miranda ruling, calling it "infamous" and wrong. He says that it only helps the guilty because most innocent people are glad to talk to police in order to establish their innocence.

Civil libertarians concede that a few guilty persons go free because of strict adherence to constitutional rules, but they say that eliminating these safeguards would endanger the innocent. If the police are free to catch criminals with secret wiretaps, they argue, they might also tap the phones of unsuspecting citizens. Those who favor further exceptions to the rules argue that the Bill of Rights was not meant to protect the guilty; rather, it was written to protect the innocent from abuses of government.

Monitoring Criminals

According to the Bureau of Justice Statistics, one in thirty-five adult men are either on probation, on parole, or in jail.

Outlook

Crime and punishment have always been important issues, but the punishment issue will receive the most attention in coming years. Victims' rights groups are pressing for stiffer criminal sentences, and many people believe that not enough criminals are being caught. The death penalty will be carried out increasingly over the next few years (perhaps 100 inmates a year could be executed) as the Supreme Court grows more reluctant to grant stays (delays) of executions. But a "get tough" attitude on crime may worsen the prison situation. Longer sentences for felons and limited opportunities for parole are leading to overcrowded prisons and riots. This might force judges to set criminals free rather than jail them in unconstitutionally overcrowded prisons. In response, some states are constructing more prisons and looking for ways to reduce prison populations.

The Debate Crime

Should Handguns Be Registered?

PRO

Registering handguns and requiring a waiting period to check prospective buyers' backgrounds help prevent crime. These measures also reduce the likelihood that someone will buy a gun and murder someone on impulse. The Constitution does not prohibit gun registration. Most courts—including the Supreme Court—have ruled that the Second Amendment only guarantees states the right to maintain a militia. Possession of handguns by individuals is not part of the right to keep and bear arms.

CON

Registering firearms will not prevent criminals from obtaining guns. Gun control laws will only prevent law-abiding citizens from protecting their homes and families against armed criminals. The Second Amendment to the Constitution gives the people the right to bear arms. Registration would be the first step toward a complete ban of handguns as it would provide the information for the authorities to confiscate guns.

Should Protection for Suspected Criminals Be Maintained?

PRO

Weakening the rights of defendants endangers everyone's rights. If the police are allowed to catch criminals by using illegal wiretaps, conducting arbitrary searches, or isolating suspects for questioning, they will be able to do the same thing to anyone. The power of the police must remain in check.

CON

The safety of the public must be considered as well as the rights of the criminal. Dismissing cases against criminal suspects because the police did not read them their rights or obtain a search warrant betrays the victims of crimes. Our criminal system must ensure that victims are guaranteed justice.

Should We Have a Death Penalty?

PRO

Some crimes are so heinous that they demand capital punishment. Murderers who kill their victims in cold blood deserve no more pity than they showed their victims. The death penalty would also deter crime, especially if imposed for treason, espionage, and killing police officers and public figures.

CON

The death penalty does not permit a court or jury to err. An innocent person cannot be brought back to life after an execution. Another problem is that the courts traditionally have applied the death penalty in a discriminatory manner against minorities. Also, the death penalty does not deter someone who commits murder in a moment of passion or insanity.

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The Soviet Union

On November 18, 1985, President Ronald Reagan greeted Soviet leader Mikhail Gorbachev at the American compound in Geneva, Switzerland. Stepping forward with a firm handshake, Reagan took Gorbachev by the arm and led him inside. Seated in front of a roaring fireplace, the two leaders posed for photographers. As the photographers left, Reagan and Gorbachev turned to discuss the issues that deeply divide their two countries.

The Reagan-Gorbachev meeting marked the first summit conference between the United States and the Soviet Union since 1979. Much had happened during the previous six years. Detente—the period of relaxed U.S.-Soviet relations—had ended, and open hostility and harsh rhetoric characterized relations. The Soviet Union had invaded Afghanistan, shot down an unarmed Korean passenger jet, and boycotted the 1984 Olympics in Los Angeles. The United States had placed an embargo on grain sales to the Soviet Union, boycotted the 1980 Moscow Olympics, and announced research on a space-based nuclear defense system.

The Reagan-Gorbachev summit produced a commitment to improve U.S.-Soviet relations. Although fundamental differences went unresolved, the tensions of the previous six years were eased. Both countries seemed ready to increase cooperation and avoid conflict.

Key Questions

- Can the arms race between the United States and the Soviet Union be stopped?
- Are Soviet leaders trustworthy?
- Should the United States continue to trade with the Soviet Union?
- Is armed conflict between the United States and the Soviet Union inevitable?

Background

From the Cold War to Detente

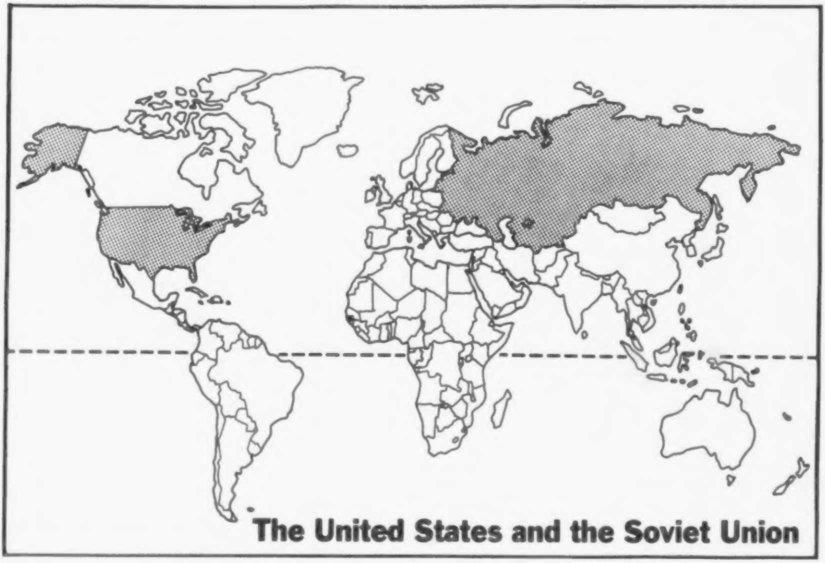
Origins of the Cold War. During World War II, the United States, Great Britain, and the Soviet Union put aside their differences and joined forces to fight a common enemy, Nazi Germany. But the alliance of the three nations deteriorated almost immediately after Germany's defeat in 1945. The allies intensely disagreed over the forms of government to be created in the areas of Eastern Europe liberated from Nazi rule. During the next few years, the Soviets set up communist regimes in Poland, Hungary, Bulgaria, Czechoslovakia, and Romania; Germany was partitioned into communist and noncommunist areas; and the Soviet Union cut off access and communication between Eastern and Western Europe.

Vladimir Lenin, the first leader of the Soviet Union, guided the Communist party to power in 1917.

The Soviets believed that controlling Eastern Europe was essential to their survival. Germany had invaded the Soviet Union twice within twenty years, and 20 million Soviet lives were lost in World War II alone. The Soviets wanted Eastern Europe to be a "buffer zone" against another invasion from the West. The United States protested the Soviet domination of Eastern Europe and created a policy to contain further communist expansion. This marked the beginning of the Cold War—a type of war fought with propaganda, intimidating arms buildups, increased spy activities, and competitive attempts to gain allies through the use of foreign economic and military assistance.

U.S. Strategy: Containment. The policy of containment meant that the United States worked to prevent further expansion of Soviet influence rather than force the Soviets out of Eastern Europe. Containment involved:

- providing billions of dollars in food, clothing, industrial machinery, and other



The United States and the Soviet Union

types of aid to rebuild Western Europe;
- giving military and economic aid to governments challenged by communists; and
- creating a permanent military alliance—the North Atlantic Treaty Organization (NATO)—among the United States, Canada, and the democracies of Western Europe.

The Soviet Response. The policy of containment widened the growing split between the United States and the Soviet Union. The Soviets believed the Western alliance, led by the United States, was trying to isolate the Soviet Union and push back its war gains. In response, the Soviets tightened their grip on Eastern Europe. Soviet troops stationed in Poland, East Germany, Hungary, Romania, and Bulgaria ensured the loyalty of the national leaders to Moscow. In 1947, Czechoslovakian communists backed by the Soviet Union staged a government coup and brought their country into the Eastern bloc. In 1948, the Soviets created the Council of Mutual Economic Assistance (COMECON), which closely linked the

The National Archives

In 1972, President Richard Nixon and Soviet leader Leonid Brezhnev signed the first Strategic Arms Limitation Treaty (SALT I) in Moscow. Nixon's visit to the Soviet Union marked the highpoint of detente, or the relaxation of relations, between the United States and Soviet Union during the early 1970s.

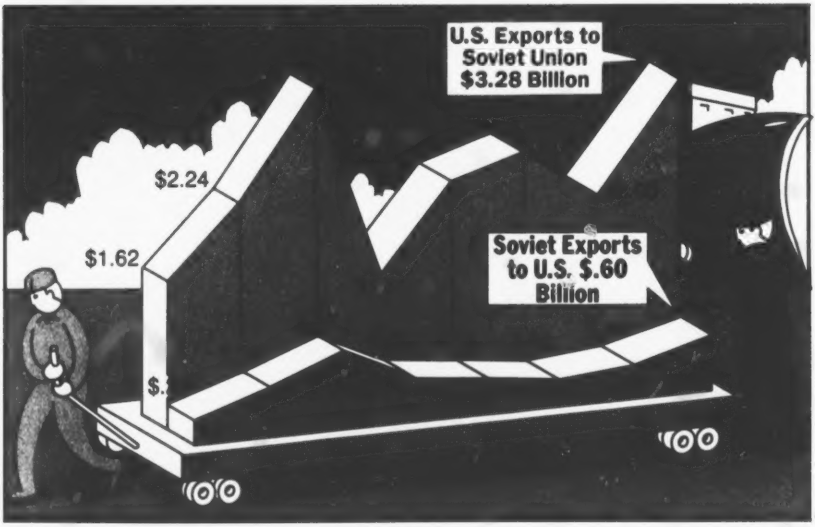
Soviet and East European economies. And in 1955, the Soviets and their East European allies formed the Warsaw Pact, a military alliance similar to NATO.

East-West Competition. Although the Soviets increased their control over Eastern Europe, the first years of containment successfully prevented further Soviet penetration into Europe. The Western bloc of nations formed an effective counterbalance to the Soviet-led Eastern bloc. The United States and the Soviet Union considered these blocs to be *spheres of influence* that could not be invaded without risking total war. But not every nation in the world was a part of the East-West blocs, and the United States and the Soviet Union began to compete for new allies. The Soviets turned to the Far East, where spheres of influence were not clearly defined, and to Latin America, where anti-U.S. sentiment was growing.

American strategists sought to block Soviet moves in Asia and Latin America. They believed in the "domino theory," which held that if one country fell to communism, its neighbors would also be overrun by communists. In 1949, the Soviet Union allied itself with Chinese leader Mao Zedong and his Communist party. The alliance gave the Soviets great influence throughout Asia until the early 1960s when the Chinese broke with the Soviet Union. In 1950, the Soviets backed a North Korean invasion of South Korea. The United States sent troops to repel the invasion. Although the war ended in a stalemate, the United States demonstrated that it would fight communist aggression all over the world. In 1959, communist revolutionary Fidel Castro came to power in Cuba. After the United States refused to recognize the new government, Castro turned to the Soviet Union for support. In the 1960s and 1970s, the Soviets backed North Vietnam in its fight to unify all of Vietnam under communist rule. The United States helped defend South Vietnam with troops and military aid, but in 1975, South Vietnam was overrun, and Soviet influence stretched throughout Southeast Asia.

Cuban Missile Crisis: The Height of the Cold War. In October 1962, the world came closer to nuclear war than at any other time before or since. The United States discovered that the Soviet Union secretly had installed nuclear missiles in Cuba. For seven days, the world waited as President John F. Kennedy and Soviet Premier Nikita Khruschev engaged in tense negotiations. Finally, the Soviets agreed to withdraw the missiles. The scare of the Cuban Missile Crisis created a "thaw" in the Cold War, and the United States and the Soviet Union signed a treaty the following year limiting tests of nuclear weapons. Other steps were taken to improve relations between the two superpowers, culminating in the Nixon administration's policy of detente.

Nixon, Kissinger, and Detente. Supporters of *detente* (a French word meaning a relaxation of tensions) primarily credit President Richard Nixon and Henry Kissinger, Nixon's national security advisor and secretary of state, for easing U.S.-Soviet tensions in the early 1970s. Detente reflected the belief that both the United States and the Soviet Union would benefit from maximizing cooperation and minimizing conflict. This meant frequent consultation


U.S. Exports to Soviet Union $3.28 Billion
$2.24
$1.62
$.
Soviet Exports to U.S. $.60 Billion

Source: U.S. Department of Commerce

Many government officials question the wisdom of trading with the Soviet Union. They warn that the Soviets are using Western technology to improve their armed forces.

between leaders to prevent minor disagreements from escalating into major confrontations. It also meant greater contact between the peoples of the United States and the Soviet Union. Between 1972 and 1974, the two nations signed eleven separate agreements to foster cooperation in space exploration, agriculture, health, environmental protection, and other fields. Trade opened up, and many major American corporations and banks established offices in Moscow.

SALT I. The centerpiece of detente was the first Strategic Arms Limitation Talks treaty (SALT I), signed by President Nixon and Soviet Premier Leonid Brezhnev in 1972. This treaty was the first agreement to limit the number of nuclear weapons that each side could *deploy*, or station.

The most important part of the SALT I treaty was its limitation of antiballistic missile (ABM) systems. ABMs are defensive weapons designed to intercept and destroy enemy missiles before they reach their targets. Both Americans and Soviets feared that if either side were to develop an ABM capable of making their defense systems impenetrable, war would be more likely. The treaty permanently limited each nation to only two ABM systems. In addition to ABMs, the SALT I treaty limited offensive weapons—nuclear missiles and bombers—but only for a five-year period. Both sides also agreed to negotiate a second SALT treaty.

Helsinki Accord. In 1975, detente reached another high point when leaders from the United States, Canada, the Soviet Union, and thirty-five European countries gathered in Finland to sign the Helsinki accord. Though nonbinding, this document outlined a broad basis for peaceful relations in Europe. Under the provisions of the document, the West—led by the United States—officially recognized the postwar borders of Eastern Europe. Some experts argued that the West in effect ceded control over these regions to the Soviets. In return, the Soviets promised to increase intellectual freedom and human rights within the Eastern bloc.

Failure of SALT II. In 1979 when President Jimmy Carter and Soviet Premier Leonid Brezhnev signed the second Strategic Arms Limitation Talks treaty (SALT II), it appeared that seven years of intense negotiations were coming to a successful end. But the U.S. Senate never ratified the SALT II treaty (all treaties require approval by two-thirds of the Senate). Many senators believed the treaty made too many concessions to the Soviets and expressed concern that the Soviets were spreading communism in Afghanistan and Africa. The Soviets felt betrayed by the Senate's rejection of the SALT II treaty. And although leaders of both countries said they would still follow the SALT II provisions, U.S.-Soviet relations deteriorated rapidly.

Invasion of Afghanistan. When Soviet troops invaded the small Asian country of Afghanistan in December 1979, relations between the two superpowers became more hostile than at any other time since the Cuban Missile Crisis. Most of the world's nations joined the United States in denouncing the Soviet invasion and calling for an immediate Soviet withdrawal. The Soviets refused to pull out, believing that any Afghani resistance would soon be crushed. But the Afghani guerrilla forces were surprisingly strong and resourceful, and today, more than 100,000 Soviet troops remain in Afghanistan, fighting to control the countryside.

Poland. Threatened by the growing strength of the Solidarity labor movement, the Polish army seized control of Poland in December 1981, declared martial law, and arrested hundreds of leaders of the independent Polish labor union, including the movement's charismatic leader, Lech Walesa. The Polish army crackdown came as a surprise since many observers assumed the Soviet army ultimately would invade the country and suppress the anticommunist movement as it did in Hungary in 1956 and in Czechoslovakia in 1968.

Within a week of the Polish crackdown, President Ronald Reagan imposed economic sanctions against Poland. Later, blaming Moscow for the turmoil in Poland, Reagan sharply reduced U.S.-Soviet trade and scientific exchanges. Included in the trade ban were American-built pipeline equipment that the Soviets needed to build a 3,000-mile gas pipeline to Western Europe and advanced computer and electronics equipment that experts believed the Soviets would use to improve their military.

By 1984, the Polish government had relaxed martial law and announced an amnesty for Solidarity leaders. The Reagan administration subsequently lifted the trade sanctions, although tensions remain and U.S.-Polish relations are still far from normal.

The START Talks. In June 1982, the Soviets and Americans reopened arms control negotiations. President Reagan renamed the talks the Strategic Arms Reduction Talks (START). The

United States proposed reducing the number of intercontinental ballistic missiles (ICBMs) and submarine-launched ballistic missiles (SLBMs) that each superpower could possess. Under this proposal, the Soviets would have had to dismantle some of their newest long-range missiles. The Soviets refused the U.S. offer but proposed "freezing" the number of nuclear arms at current levels. In December 1983, the Soviets walked out of the START negotiations in response to the NATO deployment of medium-range missiles in Western Europe—known as Pershing IIs.

ПРАВДА

Pravda, the official newspaper of the Soviet Communist party, is read by millions of people everyday.

Involvement in Latin America. In 1984, President Reagan accused the Cubans and their Soviet allies of trying to spread communism throughout Latin America. The Cubans and Soviets admitted that they were involved in Latin America, but only in those nations that requested aid or were fighting for their freedom. Reagan asked Congress to fund the government of El Salvador against communist guerrillas and to supply arms to the *contras* in Nicaragua who were trying to overthrow the pro-Soviet, Sandinista government there. Congress resisted Reagan's request, limiting aid to El Salvador and cutting off funds to the *contras*.

Olympic Boycott. In May 1984, the Soviet Union announced that it would not allow its athletes to participate in the Olympics in Los Angeles, California. Except for Romania, all the Eastern European nations and the Soviet Union's other communist allies joined in the boycott. The Soviets said that the United States could not guarantee the safety of their athletes, but many people believed that the Soviet action was in response to the U.S.-led boycott of the 1980 Olympics in Moscow and a breakdown in arms control negotiations.

The Soviet Succession. In early 1985, Mikhail Gorbachev became the fourth leader of the Soviet Union in less than three years—

Terry Arthur/The White House

President Ronald Reagan and Soviet leader Mikhail Gorbachev at the 1985 summit meeting held in Geneva, Switzerland. The Reagan-Gorbachev summit was the first between the United States and the Soviet Union since 1979. American and Soviet leaders use summit meetings to sign important treaties and improve relations between the two countries.

following Leonid Brezhnev, Yuri Andropov, and Konstantin Chernenko. Gorbachev—at the relatively young age of 54—is expected to bring stability and consistency to the top levels of Soviet government. Many experts believe that he will seek to improve U.S.-Soviet relations so that he can concentrate on domestic issues.

Resumption of the Geneva Arms Talks. In 1985, the United States and the Soviet Union resumed comprehensive arms control negotiations in Geneva, Switzerland. The talks covered three areas: medium-range nuclear weapons located in and around Europe; long-range missiles that are capable of traveling from one continent to another, missiles launched from submarines, and aircraft equipped with cruise missiles and bombs; and weapons located in space, including the controversial Strategic Defense Initiative ("Star Wars"). The negotiations were slow and continued into 1986.

Reagan-Gorbachev Summit Meeting. In November 1985, the first U.S.-Soviet summit meeting in six years was held in Geneva, Switzerland. President Reagan and Soviet leader Gorbachev met for three days to discuss issues affecting U.S.-Soviet relations. Although major disagreements over arms control, human rights, and regional disputes went unresolved, the two leaders emphasized that nuclear war was unwinnable and pledged not to seek military superiority. They agreed to expand cultural and educational ties and announced that two additional summits would be held in 1986 and 1987.

Soviet Nuclear Accident. In April 1986, a Soviet nuclear reactor at Chernobyl began burning out of control, releasing large amounts of deadly radiation into the environment. Radioactive fallout affected thousands of people and contaminated large tracts of fertile land. The long-term effects of such a release of nuclear radiation into the atmosphere are unknown. The accident and the absence of a Soviet warning strained Soviet relations with East and West Europeans. The accident could have severe economic consequences. Many experts fear that it has poisoned water supplies, farm land, and dairy herds and that it might also lead to a decline in foreign tourism and sales of Soviet reactors.

Current Issues

U.S. Perceptions of Soviet Motives. People in the United States tend to have radically different views of the Soviet Union. One school of thought holds that the Soviet Union is an "evil empire" bent on world domination, and that the Soviets reserve the right to commit any crime, to lie, and to cheat in order to undermine democratic governments around the world. According to this view, arms control and trade must be limited because they may aid the Soviets' goal of taking over the world. The Reagan administration has helped promote this perception by accusing the Soviets of financing and arming terrorist groups around the world, supporting radical anti-American movements in Europe, sending "proxy forces" such as the Cubans to fight wars in Africa, and fighting a war of aggression in Afghanistan. The administration also blames the Soviets for perpetuating the arms race by producing newer and deadlier weapons in an attempt to achieve military superiority.

Another school of thought believes that differences between the United States and the Soviet Union occur because neither side appreciates nor understands the interests or actions of the other. Supporters of this view say that the Soviets do not want to take over the world. Instead, many Soviet actions can be seen as reactions to domestic problems or to hostile American moves against the Soviet Union. Many experts strongly favor arms control negotiations and trade between the United States and the Soviet Union. They argue that such measures reduce mistrust and expand common interests, lessening the chances of another world war.

Understanding Each Other

According to the Harriman Institute for Advanced Study of the Soviet Union, in 1985:

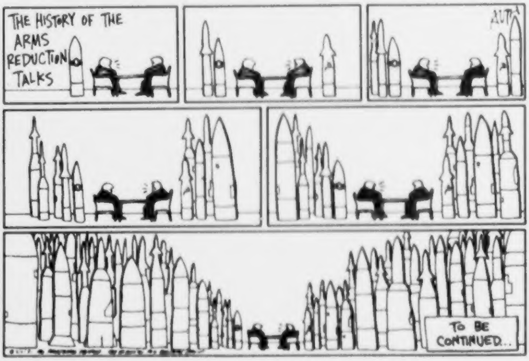
- 25,000 American students studied Russian
- 4,000,000 Soviet students were studying English

How Should the United States Respond to Soviet Actions? Events in Poland and Afghanistan show the limited ability of the United States to respond to Soviet interference in other countries. American options fall into three basic categories: use of U.S. military forces, trade sanctions, and aid to anticommunist forces.

Military Force. When President Kennedy discovered that the Soviet Union had based nuclear missiles in Cuba, he placed U.S. strategic units on alert and ordered the navy to blockade the island. Faced with American naval superiority and the threat of nuclear annihilation, the Soviets retreated. The threat of military force has been highly effective, say some experts, as long as the United States has shown a willingness to use force. But now Soviet military capability rivals that of the United States.

The United States has no assurance that the Soviets would retreat in a similar confrontation. For this reason—and because of painful memories of the U.S. defeat in Vietnam—recent administrations have been reluctant to use military force and instead have imposed trade sanctions.

Trade Sanctions. Trade sanctions are an attempt to hurt the Soviets by denying them goods they need. For example, after the Soviets invaded Afghanistan, the United States refused to ship wheat to the U.S.S.R. But many experts believe trade sanctions hurt U.S. interests more than they affect Soviet behavior. A major problem with trade sanctions is that they only work if adhered to by every potential supplier. Argentina did not back the grain embargo and sold enough grain to the Soviets to compensate for the American embargo. Another problem is that the Soviets have an abundance of natural and industrial resources. According to a Central Intelligence Agency (CIA) study of the Soviet economy, the Soviets use imports from the West to modernize their economy and to supplement the diet of their citizens. The CIA study concluded that the vast resources of the Soviet Union enable it to withstand the absence of imports better than any other industrialized nation.


THE HISTORY OF THE ARMS REDUCTION TALKS
AUTH
TO BE CONTINUED...

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The Reagan administration, however, believes that the United States cannot continue "business as usual" in the face of unacceptable

Soviet actions. Although he admits trade sanctions are not as effective as he would like, President Reagan maintains that sanctions do have some effect and often represent the most effective action the United States can take, short of war. After the crackdown in Poland, the administration broadened sanctions to include equipment the Soviets need to build a gas pipeline to Western Europe. Critics of the administration believe that bans on sales of American-made high technology equipment to the Soviets are ineffective when the Japanese and West Europeans continue to sell similar equipment to the Soviets. They maintain that embargoes only increase the level of conflict, usually hardening the Soviet position.

Aid to Anticommunist Forces. President Reagan believes that one way the United States can counter Soviet influence in other countries is to provide support to local rebel groups. Providing economic and military aid to anticommunist guerrilla fighters has become known as the "Reagan doctrine." The Reagan administration has aided the *contras* in Nicaragua who are fighting the communist-backed Sandinista government; the *mujaheddin* in Afghanistan who are fighting Soviet troops; and Cambodian rebels who are fighting Soviet-backed Vietnamese invaders. The Reagan administration has also considered giving aid to guerrillas in Angola. Many members of Congress are critical of the Reagan doctrine because they claim that it promotes violence and civil war. These senators and representatives also say that the Reagan doctrine violates international law because the United States is interfering in the domestic affairs of other countries.

Should the United States Trade With the Soviet Union? Advocates of U.S.-Soviet trade say that U.S. exports to the Soviet Union increase international stability and help the U.S. economy as well. They applaud the 1985 resumption of high-level, U.S.-Soviet trade talks because they believe that the more the Americans and Soviets trade, the more interests they share. This increases interdependence and lessens the possibility of war.

Some members of the Reagan administration, including Secretary of Defense Caspar Weinberger, question this position. They argue that trade with the Soviet Union helps its economy and strengthens its military. They argue that the Soviets want high technology—such as computers and microelectronics—to improve the accuracy of their missiles and submarine detection equipment. Many who oppose East-West trade have quoted the first leader of the Soviet Union, Vladimir Lenin, who said that the West "will sell us the rope with which we will hang them."

Strategic Defense Initiative. In 1983, President Reagan proposed that the United States develop a ballistic missile defense system in space known as the Strategic Defense Initiative (SDI), or "Star Wars." This system would shoot down Soviet missiles before they reached the United States. The Soviets strongly oppose SDI and claim that it would violate the SALT I treaty. Furthermore, SDI might endanger the Soviet Union since it would prevent the Soviets from launching a full-scale nuclear retaliation in the event of an American attack. The Soviets warn that "Star Wars" would start an immensely expensive arms race in space that no one could win.

President Reagan believes that SDI will lead to a safer, more secure world. He argues that an antimissile system in space would provide more security than counting on the Soviets not to attack for fear of massive nuclear retaliation. Although President Reagan has refused to compromise on SDI, some supporters believe that it may be a useful "bargaining chip" in arms control negotiations—to be given up in exchange for major Soviet arms concessions.

The Soviet Arms Proposal. In 1986, the Soviet Union presented a three-stage initiative to eliminate nuclear weapons. In the first stage,

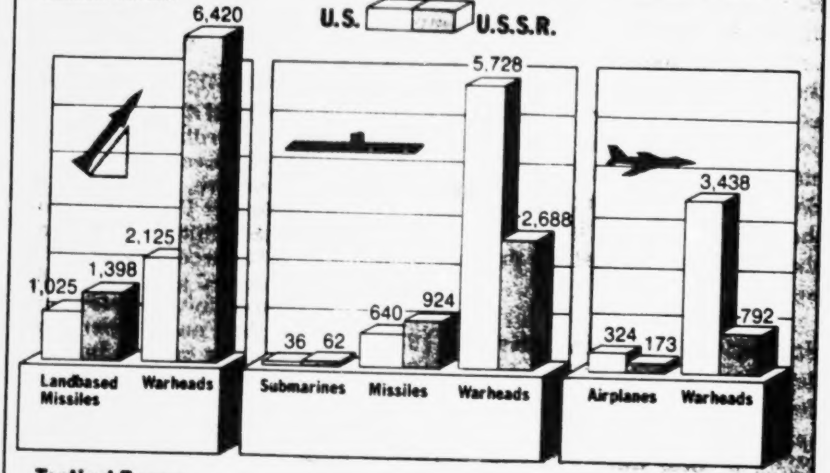
Baking Bread with American Wheat

According to the Department of Agriculture, in 1978-79, the Soviet Union relied on the United States for 74 percent of its imported grain. In 1986, the United States supplied only 27 percent of the Soviet's imported grain.

U.S.-Soviet Nuclear Arsenals*

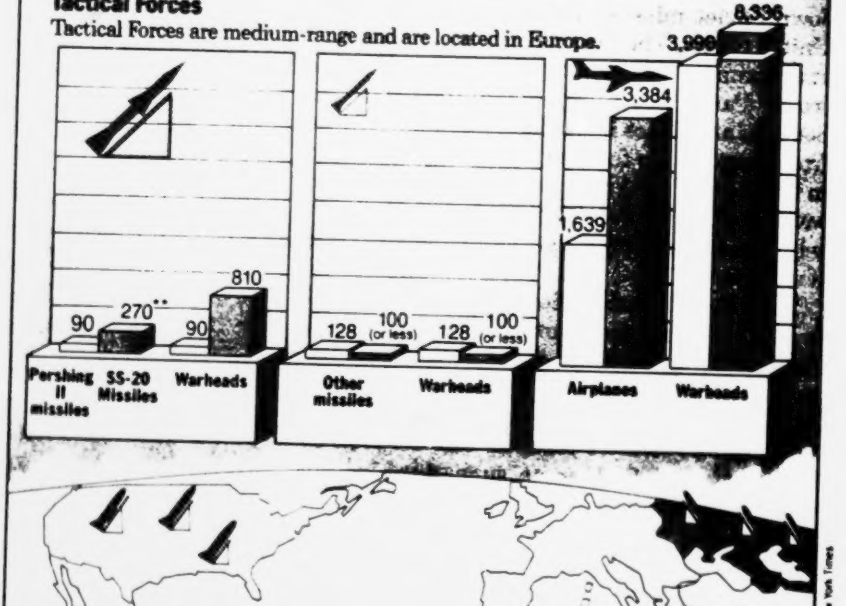
Strategic Forces

The United States relies on a three part, or triad, system to defend itself against nuclear attack. The triad is made up of strategic forces, including long-range missiles located in the United States, submarine-launched missiles, and airplanes carrying nuclear bombs.



Tactical Forces

Tactical Forces are medium-range and are located in Europe.



*Both Great Britain and France each have nuclear arsenals containing more than 200 warheads and bombs.

**171 other SS-20's are in Asia, but could be moved to Europe.

Source: The New York Times

both countries would reduce by 50 percent the number of *intercontinental* missiles (missiles that are capable of traveling from one continent to another). In addition, American and Soviet medium-range missiles would be removed from Europe, and British and French nuclear weapons would be frozen at current levels. In the second stage—which would start by 1990—the United States, the Soviet Union, and the other nuclear powers (China, France, and Great Britain) would further reduce their arsenals. In the third stage—which would start by 1995—all nuclear nations would get rid of their remaining nuclear weapons and pledge to never again build warheads. According to Soviet leader Gorbachev, if all three stages are followed, "mankind could approach the year 2000 under peaceful skies and with peaceful space without fear of annihilation."

The Reagan administration says that the Soviet proposal contains "constructive elements" but considers much of the offer unrealistic. The administration claims that the Soviets will only participate in the proposal if the United States abandons its efforts to build the Strategic Defense Initiative. The administration also argues that the Soviet plan would be difficult to implement because China has always refused to enter nuclear arms negotiations. France and Great Britain would also be reluctant to give up their nuclear weapons because they are a defense against a Soviet invasion of Western Europe.

Human Rights in the Soviet Union. The Soviet Union has a long history of arresting political dissidents and refusing to allow its citizens to leave the country. The United States has always objected to this, but different administrations have approached the issue in different ways. In the early 1970s, Secretary of State Henry Kissinger defended behind-the-scenes, quiet diplomacy as the best way to proceed on human rights issues. However, Kissinger's critics saw this as an excuse not to place a high priority on human rights. President Jimmy

Facing page:
The United States and the Soviet Union maintain powerful arsenals to deter each other from starting a nuclear war. Many experts believe that the United States and the Soviet Union have reached "nuclear parity" and that neither country has a military advantage over the other.

Carter took a more active approach, publicly criticizing the Soviet Union for its repression of political dissidents and of Jews wishing to emigrate. Carter's critics claimed his style of diplomacy was counterproductive because it made the Soviets less willing to compromise. President Reagan has also spoken out against Soviet violations of human rights, although he refuses to link human rights to other issues such as arms control negotiations. Critics believe that linking Soviet behavior to our willingness to negotiate is the only way to moderate Soviet behavior.

The Soviets claim that American pressure over human rights is interference in Soviet domestic affairs. They say that the United States should concentrate on its own social problems—such as anti-Semitism, racism, poverty, and unemployment—before criticizing the Soviet Union. Recently, however, the Soviets have permitted the reunification of separated families and hinted that they will allow larger numbers of Jews to emigrate. The Reagan administration welcomes such moves but suspects that the Soviets may be using human rights gestures to improve trade relations and to gain a role in Mideast peace plans.

Outlook

Relations between the United States and the Soviet Union appear to be improving. Despite sharp differences on arms control, the two countries are negotiating reductions in nuclear weapons. The Soviets have expressed a desire to increase U.S.-Soviet trade and have hinted that they would permit more Jewish citizens to emigrate as an incentive for improved trade relations. And President Reagan and Soviet leader Gorbachev are scheduled to meet in 1986 and 1987 to discuss the problems between their countries.

The Soviet Embassy

Red Square lies at the heart of Moscow, the capital of the Soviet Union. May Day and the anniversary of the 1917 Russian revolution are celebrated annually in Red Square.

These developments contribute to a growing cooperation between the two countries, but deep differences remain. The superpowers are still far apart on space-based weapons, and a stalemate at the summit meetings could fuel the arms race for years to come. Increasing conflict in Latin America or a worsening of Soviet human rights violations could affect trade cooperation adversely. And unexpected events, such as the shooting down of the Korean passenger jet by the Soviets or the U.S. invasion of a nation like Grenada, could place a new chill on U.S.-Soviet relations.

The Debate The Soviet Union

Does the Reagan Administration Accurately Perceive the Interests and Actions of the Soviet Union?

PRO

The Soviets have demonstrated their desire for world domination time after time. President Reagan is correct in saying that they will use any means available to achieve this end. The Soviets finance and arm terrorist groups; support anti-American movements in Europe; use "proxy forces" such as the Vietnamese to fight for Soviet communism in Asia; and even wage war themselves in Afghanistan. The United States must continue to build up its military strength to counter the Soviet threat.

CON

The Soviets do not want to take over the world; they merely want to assure the security of their own nation. Their foreign policy actions are reactions to anti-Soviet moves by the United States, such as the basing of new missiles in Europe, and to the belief that they are surrounded by enemies. They always must be on their guard. The United States is the greatest military power in the world and should act more conciliatory toward the Soviets.

Should the United States Try to Change Human Rights Policy in the Soviet Union?

PRO

As the leader of the free world, the United States has a moral obligation to improve human rights in the Soviet Union. All people—including Soviet citizens—are entitled to certain basic rights. We should first try "behind-the-scenes" action to loosen Soviet restrictions on emigration and to gain the release of political prisoners. If "quiet diplomacy" fails, the United States should link arms control negotiations and trade to human rights. The Soviets will learn quickly that they must treat their citizens better.

CON

Efforts to improve Soviet human rights may be moral, but they are shortsighted. The United States has no right to interfere in the domestic affairs of another country. Besides, the Soviets cannot be bullied. They will resist U.S. pressure to change their domestic policies. In fact, the Soviets may increase their repression of dissidents and be less willing to negotiate arms control measures. We should not allow the human rights issue—over which we have little control—to obscure more important goals such as arms control.

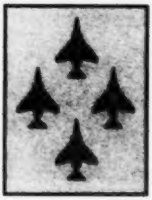
Should the United States Develop the Strategic Defense Initiative (SDI)?

PRO	**CON**
Americans have lived under the threat of nuclear war for too long. Development will take many years, but the Strategic Defense Initiative will provide an effective shield against Soviet missiles and ensure U.S. security. SDI has also forced the Soviets back to the negotiating table. We will be able to use SDI as a bargaining chip to gain important arms concessions.	The Strategic Defense Initiative will not protect the United States from nuclear war. First, the Soviets will devise countermeasures to SDI. Second, SDI will only destroy missiles in outer space, allowing low-flying missiles to reach American soil. In addition, SDI violates the SALT I treaty. Developing an unworkable system wastes billions of dollars and would only result in an escalating arms race.

Should the United States Support Anticommunist Movements in Other Countries?

PRO	**CON**
The Soviet Union is enslaving people throughout the world. We must try to block Soviet gains and push out communist governments whenever we can. By supporting local rebel forces, we are striking a blow for freedom. And if we do not help these "freedom fighters" now, eventually we will have to send American soldiers to fight the communists.	The "Reagan doctrine" does not promote freedom, only civil war. Under the Reagan doctrine, we find ourselves supporting terrorists, not "freedom fighters." Also, we are violating international law by interfering in other countries' domestic affairs. In the long run, the Reagan doctrine drives foreign leaders deeper in the Soviet camp, making it harder than ever to remove them from power.

Defense



Libyan leader Muammar Qaddafi called it the "Line of Death," an imaginary line stretching across the Gulf of Sidra. Between the line and the coast, Libya claimed territorial waters. Any boat or plane that crossed the line would be destroyed.

In March 1986, the American Sixth Fleet crossed Qaddafi's line. It stayed there for seventy-five hours conducting naval and air maneuvers. Then Qaddafi attacked, firing six missiles at American jets.

The United States counterattacked and struck Libyan air defense bases and patrol boats. The Reagan administration claimed that U.S. forces had destroyed radar installations and sunk two boats, killing as many as 150 Libyans. No American lives were lost.

The confrontation with Libya came at a time when the U.S. military was under intense scrutiny. While American superiority over Libya was obvious, many policymakers asked questions that went beyond high-technology weapons and highly trained personnel. They were concerned about the structure of the U.S. military's top command and whether the weapons it had were the right ones, bought at the right price. They were glad that the military had performed well against Libya, but wondered if it was capable of protecting the United States against a more formidable enemy.

Key Questions

- Does the United States spend too much or too little money on defense?
- How much power should Congress have to block the use of military force by the president?
- Do we need a draft for the armed services?
- Should the United States develop a space-based antimissile system?

Background

U.S. Defense Policy

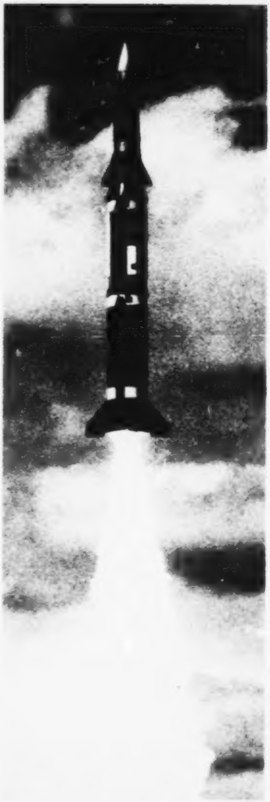
Why Do We Need a Strong Defense? The United States is not presently at war with anyone. Our nearest neighbors are peaceful, and our ships pass through international waters unmolested. So why does the government spend billions of dollars each year on the military? One reason is that by maintaining a strong military, we can *deter*, or prevent, other nations from attacking. American leaders want potential enemies to know that if the United States is attacked, we will repel the invasion and defeat the attacking country. The United States also uses its armed forces, especially the navy, to demonstrate power and to show its determination to protect American interests around the world, such as maintaining stable and friendly governments in Western Europe, the Middle East, Latin America, and other strategic areas. For example, in recent years, the United States has held naval maneuvers off the coasts of Honduras and Nicaragua to show concern about communism in Central America.

U.S. forces train primarily to fight one potential enemy: the Soviet Union. The Soviets and the Americans are adversaries because each nation believes that its national interests are in direct conflict with the other's interests. Moreover, the Soviet Union is the only nation that rivals the United States in military power. Since the end of World War II, the United States and the Soviets have been involved in an *arms race* in which each country tries to match the military forces of the other. The United States has spent billions of dollars trying to stay ahead of the Soviets. The two nations have also competed for influence and power throughout the world. Many policymakers believe the Soviets are committed to spreading communism around the world, by military force if necessary. Other believe that the Soviets have built up their military because they think that the United States poses a serious threat to their safety. (See chapter on the Soviet Union.)

Duties of American Armed Forces. The United States has approximately 2 million people in uniform. They are divided among the air force, the army, the navy, and the marines. Although each service has its own mission, many functions overlap. Five basic reasons for having a strong military are: to defend the United States, to deter nuclear war, to protect Western Europe from attack, to project force in support of U.S. foreign policy, and to ensure freedom of the seas.

The United States maintains a large arsenal of nuclear weapons to deter not only a conventional attack, but also a nuclear strike. Our nuclear defense forces are based on a three-part, or *triad*, system of land-based intercontinental ballistic missiles (ICBMs), long-range bombers, and submarines carrying nuclear missiles. The triad ensures that if an enemy attacks our land-based missiles, we will still have enough submarine-launched ballistic missiles (SLBMs) and bombers to destroy the enemy.

U.S. Nuclear Strategy. When the United States was the only country that had nuclear weapons, it used the threat of nuclear attack to deter other nations from starting a war. American leaders promised that they would respond to an attack against the United States or its allies with a full nuclear attack. They believed that the nuclear threat was essential to counter the tremendous size and strength of the Soviet army. Also, building nuclear weapons was much cheaper than maintaining an army large enough to repel a Soviet attack. But when the Soviets developed their own nuclear weapons, American military planners realized that a nuclear attack on the Soviets could result in a Soviet nuclear strike against American cities. This led to a new reality: The nuclear ca-



U.S. Army/Department of Defense

The controversial Pershing II missile, shown here in a test launch, is stationed in Western Europe to deter a Soviet invasion there. The Pershing II is part of the modernization of the NATO defense forces.

pability of the Soviet Union and the United States could deter both nations from attacking the other.

Until recently, the foundation of our nuclear policy was "mutually assured destruction" (MAD). Under this concept, we assumed that no country would start a nuclear war knowing that it too would be destroyed. Defense strategists still operate under the concept of nuclear deterrence, but they no longer believe an all-out nuclear attack is likely. Instead, they believe it is more probable that countries will exchange a series of nuclear attacks on individual military targets until one side gives in. Critics of U.S. nuclear strategy fear that the exchange of nuclear weapons would not remain limited to military targets and such conflicts inevitably would escalate into all-out nuclear war. They want the United States to agree that it will not use nuclear weapons unless another country uses them against us first.

The Defense of Allies. The defense of Western Europe is very important to the United States. Some military experts believe that the next world war will start there. The United States maintains a force of more than 300,000 men and women in Europe and spends billions of dollars for its defense. In addition, the United States belongs to the North Atlantic Treaty Organization (NATO), a military alliance that also includes Canada, most of Western Europe, Greece, and Turkey. The Soviets belong to a similar alliance, the Warsaw Pact, which includes East Germany, Poland, Hungary, Czechoslovakia, Romania, and Bulgaria. The conventional forces of the Warsaw Pact are slightly larger than NATO's and superior in some ways. The United States has contingency plans to send additional forces to Europe in case of crisis.

In addition to protecting its NATO allies, the United States is also committed by treaty to defending other allies around the world, including Japan, South Korea, and many Latin American countries.

Projection of Force. During the Cold War years of the 1950s and 1960s, the United States frequently used military force to support troubled pro-American governments, especially those fighting a communist-backed invasion or insurrection. When the communist army of North Korea invaded the non-communist country of South Korea, the United States entered the war—along with a United Nations "police force"—to defend the South Koreans. In 1954, when it appeared that the communist army of Ho Chi Minh would win victory in Vietnam, the United States entered what proved to be a 21-year war with immense human and monetary costs. Similar perceptions of a communist threat led to U.S. intervention in Guatemala (1954), Lebanon (1958), Cuba (1961), and the Dominican Republic (1965).

The United States became more reluctant to flex its "muscle" after the Vietnam War. But the Iranian takeover of the American embassy and the Soviet invasion of Afghanistan in 1979 renewed our commitment to a strong military that was capable of protecting U.S. interests around the world. The Reagan administration frequently has used force or the threat of force. For example, the Reagan administration has ordered ships, planes, and army units to Central America to conduct maneuvers to demonstrate our commitment to our allies in the region. In 1982, the president sent marines to Lebanon to police a ceasefire in that country's civil war. The ceasefire was very brief, and Lebanese factions frequently attacked the marines because they were viewed as interlopers. The worst attack was a suicide terrorist bombing that killed 241 people at the marine headquarters. The marines were withdrawn to avoid further casualties.

A more successful use of force came when the United States invaded Grenada in 1983. The assault by marines and army rangers was prompted by a left-wing military coup and the possibility that American citizens on the island might be in danger. U.S. forces took over the island and set up a pro-American interim gov-

A Six-Point Plan

According to the Department of Defense, the six basic objectives of U.S. security assistance programs are:

- to promote Middle East peace
- to deter and combat aggression
- to promote regional stability
- to promote key interests through foreign military sales, cash sales, and commercial military exports
- to promote professional military relationships through grant training.

USMC/Department of Defense

In 1983, U.S. marines were sent to Lebanon to help keep peace during the Lebanese civil war. Some of the warring factions saw the marines as invaders and attacked the American force. The worst attack came in October 1983 when a suicide bomber killed 241 American marines.

ernment until elections could be held. However, many of our allies condemned the invasion because they felt we were relying too much on military solutions to international problems.

The War Powers Act. The Constitution names the president as commander-in-chief of the military, but gives Congress the power to declare war. Since the end of World War II, presidents have sent U.S. military forces to other countries on several occasions without a declaration of war. In the aftermath of the Vietnam War, Congress passed a law—over the objections of President Richard Nixon—giving it more control over the use of troops by the president. The War Powers Act of 1973 requires the president to advise Congress before sending troops to a potential combat zone, places a time limit on the use of troops without an extension from Congress or a declaration of war, and gives

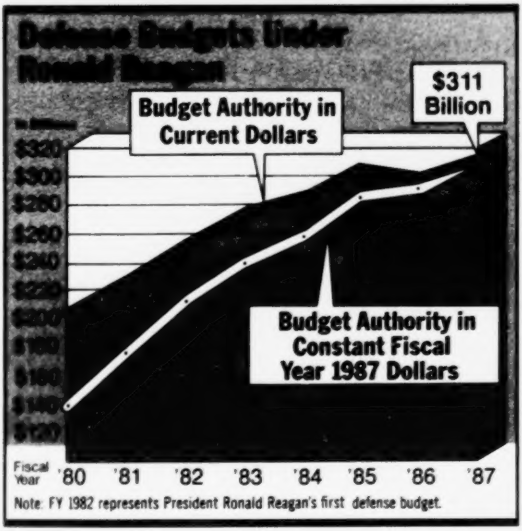
Congress the power to order the president to bring troops home.

The War Powers Act has sparked controversy since it was first passed. Members of Congress believe that the use of the military should not be left solely to presidents and their advisors. Presidents argue that international crises are too complex and too sudden to let Congress have more than a limited voice in foreign affairs. Presidents also note that during a crisis they are the only ones who receive all the detailed information needed to decide whether to use military force. Congressional involvement would restrict presidents unnecessarily, delaying American action, and might lead to the disclosure of top-secret information.

Current Issues

The Defense Budget. Since President Reagan entered office, he has increased the defense budget by more than 50 percent. In 1981, his first year in office, the president spent $180 billion on defense. For 1987, he asked for $312 billion, the largest defense request ever.

The Reagan administration is using the money to buy new ships, planes, tanks, missiles, and other weapons and equipment to modernize and enlarge the nation's armed forces. President Reagan believes that the defense buildup must continue because the Soviets have achieved military superiority. He points out that throughout the 1970s, the Soviets spent more money than the United States did on defense, and they now have more guns, tanks, troops, ships, and nuclear missiles. According to the president, we must catch up. Increased defense spending is also needed to ensure that U.S. military forces can meet the country's approximately forty treaty obligations.



Note: FY 1982 represents President Ronald Reagan's first defense budget.

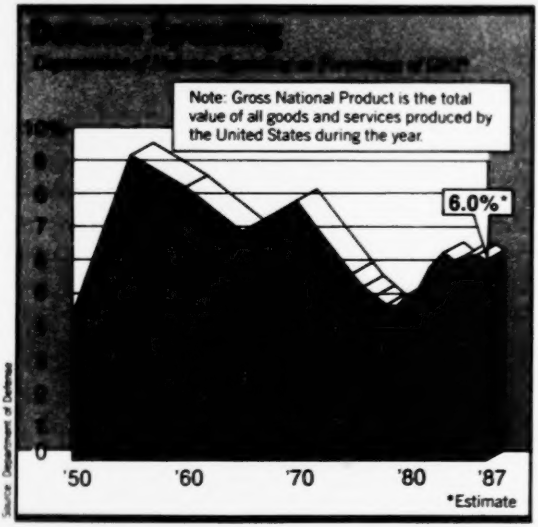
Source: Department of Defense

Since taking office in 1981, President Reagan has increased defense spending by more than 75 percent; although once inflation is taken into account, the "real" increase is 38 percent. The president believes that the spending increase is necessary to strengthen the military after years of neglect.

Opponents of President Reagan's defense budgets fall into two groups. One group favors a real spending increase, but less than the administration proposes. The second group opposes increased defense spending in general.

The first group favors smaller increases in defense spending for several reasons. First, the president has already achieved many of the goals he set when he took office in 1981. For example, the ships needed to build a 600-ship navy have been authorized and funded, and other major projects are under way. Smaller increases in the defense budget would only delay, not block, achieving Reagan's goals. Second, defense cuts are needed to help balance the federal budget. The high budget deficit threatens to boost interest rates, which would reduce industrial output and weaken the economy.

Third, waste is a problem. The Pentagon has spent large amounts of money on weapons that do not work or that are prone to breakdowns. In addition, congressional investigators have uncovered overcharges by military contractors for spare parts, such as $436 for a hammer that



Source: Department of Defense

Although spending on the military has risen dramatically over the years, defense spending as a percentage of our nation's economic output has not. President Reagan believes that this measure of defense spending shows that his military requests do not differ significantly with those of past administrations.

normally sells for $7 and a machine screw marked up from $1.08 to $36.77.

Fourth, reports of Soviet military superiority have been overstated. Proponents of this argument say that the United States and the Soviet Union are relatively equal in strength. Although the Soviets have more of some weapons, the United States has more advanced weapons, larger aircraft carriers, and more nuclear warheads.

The second group of critics opposes increased defense spending because they believe that it diverts funds from social programs such as housing, income assistance, and education which provide for the well-being of the nation's people. In addition, they say that the United States is spending more than it needs to on defense. Measured in constant 1987 dollars, the proposed 1987 budget is bigger than any defense budget since World War II.

Strategic Defense Initiative ("Star Wars"). In 1983, President Reagan proposed that a new military project be built—a missile defense system in space. He said that his Strategic Defense Initiative (SDI), also called "Star Wars," could shoot down enemy missiles before they reached American soil.

President Reagan's SDI plan has created controversy. First, many scientists doubt that SDI can be built. Second, SDI will not stop low-flying missiles or bombers, only high-altitude intercontinental ballistic missiles (ICBMs). Third, SDI would start an expensive arms race in space and drain the national budget. (President Reagan predicts that SDI will cost $1 trillion to develop, but many experts believe that the costs will be much higher.) Fourth, critics say that SDI would upset the existing system of nuclear deterrence because it would give the United States an edge over the Soviet Union.

Supporters of the Strategic Defense Initiative argue that it is a purely defensive system that would lessen the threat of nuclear war. Rather than rely on the fear of massive destruction, the nation could use advanced technology to prevent nuclear war. SDI would encourage the Soviets to negotiate arms reductions and may be the major reason for the Soviet's return to the negotiating table in 1985. In any event, supporters say that research on a space-based antimissile system must go forward as a hedge against similar Soviet developments.

The All-Volunteer Force and the Draft. In 1973, Congress ended the draft and implemented an all-volunteer force. Since then, some defense strategists believe that the military has attracted neither the quality nor the quantity of young people needed by the armed services. They believe that an all-volunteer army may be impractical in coming years, as the pool of young people decreases and as more jobs become available in the private sector. Other military experts argue that we need a draft to create a large pool of trained soldiers. In the event of a military crisis, such as a Soviet attack on Western Europe, they could be transported quickly to the front.

Supporters of an all-volunteer army note that in recent years the military has met all its recruiting quotas and that recruits have scored higher than the national average in standardized tests. Supporters also argue that pay has been increasing and the number of reenlistments is high. They believe that the current recruits may form the best peacetime army in U.S. history.

Reorganization of the Department of Defense. In 1985, the Senate Armed Forces Committee conducted an investigation of the top command structure and the buying of weapons at the Department of Defense. The committee found that the Defense Department is damaged by interservice rivalries, does not give the secretary of defense or the president the best military advice, and wastes government money. The committee warned that the U.S. military is unprepared to fight—and win—a major war.

In its report, the committee recommends two major reforms: (1) restructuring the top military command, and (2) appointing an undersecretary of defense to oversee the purchase of military equipment. Currently, the heads of the army, navy, marine corps, and air force form the Joint Chiefs of Staff, which advise the president on military matters. But the committee found that the Joint Chiefs of Staff are sometimes more concerned with the interests of their individual branches of the military than with the Defense Department as a whole. For example, during the invasion of Grenada, the Joint Chiefs of Staff rejected a plan to use only the marines and the navy for the operation. Instead, they involved all four branches, which complicated the planning process and resulted in communication breakdowns. In another situation, these problems could give an enemy enough time to organize a more effective defense. To avoid these problems, the Senate Armed Forces Committee wants to strengthen the powers of the chairman of the Joint Chiefs of Staff to include the role of pri-

Tax Dollars for Defense

In 1985, the United States spent $252.7 billion on defense programs. The money was spent at the following rate:

$8,000	per second
481,000	per minute
28,800,000	per hour
692,300,000	per day
4,846,100,000	per week
252,700,000,000	per year

USMC/Department of Defense

The 1983 invasion of Grenada was the first large-scale American military operation since the Vietnam War. Although most Grenadians supported the action, some nations criticized the invasion as an American attempt to control the government of a neighboring country.

mary military advisor to the president. The chairman would receive information directly from field commanders and then report recommendations to the president without conferring with the other branch chiefs.

The committee also recommends creating a position in the Department of Defense to oversee weapon development and purchasing. The committee believes that a new undersecretary of defense would help end cost overruns and the buying of faulty weapons—such as $600 toilet seats for airplanes and the $1.8 billion Divad antiaircraft gun that could not hit its targets.

The Joint Chiefs of Staff criticize the report. They say that their current system of management provides the president with a healthy diversity of opinion. And they warn that meddling by outside reformers, who do not understand the way the military operates, actually weakens our country's defense and creates even more problems. In addition, the Department of Defense has been increasingly successful in detecting and curbing waste, fraud, and mismanagement. Secretary of Defense Caspar Weinberger notes that, in 1985, the department's internal investigators recovered more than $90 million lost in fraud and another $33 million in fines and penalties. Weinberger also points out that, because his department signs

52,000 contracts every working day and buys goods and services from about 300,000 different suppliers, there will always be some corruption and mismanagement.

Outlook

Most experts believe that the Reagan defense buildup of the last six years is ending. Alarmed by reports of wasteful spending and wary of administration claims that the military is still weak, Congress is reluctant to go along with more defense increases. But a more important reason for ending the buildup is the pressure to cut government spending. Over the last few years, members of Congress have slashed domestic spending, and many now feel it is time to look critically at the Defense Department's budget. For these reasons, Congress is likely to approve only small increases in the defense budget—perhaps only to offset the effect of inflation. However, a major crisis in the Middle East or Central America could boost defense spending.

The Debate Defense

Should the Defense Budget Be Increased?

PRO

The government's first priority is to protect the national security of the United States. A strong military force requires additional funds every year, especially in light of the Soviet military buildup. The Soviets surpass us in many categories of weapons and could take advantage of us if we do not have the most advanced weapons and the best trained military possible. The cost of new weapons is not excessive when it is the nation's survival that is at stake.

CON

We are already spending too much money for defense. Unrestrained defense spending is a threat to our nation's security. We are contributing to the federal budget deficit by spending more and more of our resources on needless ships, tanks, guns, airplanes, and nuclear weapons. Furthermore, the Pentagon wastes billions of dollars every year on overpriced weapons and parts. Ultimately, excessive defense spending weakens our economy and threatens our ability to defend ourselves.

Should We Develop the Strategic Defense Initiative?

PRO

We cannot rely on the policy of mutually assured destruction forever. The Soviets are building advanced missile and defense systems, which threaten to overwhelm U.S. forces. A ballistic missile defense system in outer space can be built, given time and money, and would protect the United States from a Soviet nuclear attack. This defense system would allow us to live without the fear of nuclear destruction weighing constantly over our heads.

CON

The Strategic Defense Initiative is an impossible dream. No space defense system could be 100 percent effective because no system could stop missiles fired from submarines or launched from airplanes. If we begin working on the "Star Wars" system, we embark on a new arms race in outer space that will cost billions and billions of dollars. "Star Wars" would also violate our promise under the first Strategic Arms Limitation Talks treaty (SALT I) not to build antiballistic missile systems.

Should Congress Have the Power to Block the Use of Military Force by the President?

PRO

Every president since World War II has sent troops into combat situations without a congressional declaration of war. The authors of the Constitution intended for the president and Congress to share the war-making powers, probably because they feared putting too much power into the hands of the president without some retention of control by the people. If Americans are going to die in faraway places, then Americans should have a voice—through their representatives in Congress—in deciding when and where they will go.

CON

If Congress does not approve of sending U.S. troops to fight somewhere, it can bring them home by cutting off the money to pay for the war. But congressional interference in foreign affairs would do the country great harm. Allies and enemies would be unsure whether U.S. troops would stay and fight. America must speak with one voice, and that voice must be the president's—the only person with the information needed to make foreign policy decisions.

Do We Need a Draft?

PRO

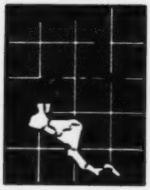
The United States cannot rely on the all-volunteer force to meet future demands for recruits. Raising military wages to entice civilians to enlist is too expensive. A draft would ensure that our military has the personnel it needs and that the burden of defending America is shared evenly, instead of falling on the shoulders of the poor and minorities as it does now.

CON

The draft is not necessary to attract new recruits. The all-volunteer force is meeting its quotas for recruits and is attracting people of above-average intelligence. We can maintain a high-quality military with higher wages and more attractive benefits.

Central America

8:45 p.m.
June 1985
San Salvador, El Salvador



A white pickup truck and another vehicle stop along the Zona Rosa, a street lined with discos and outdoor cafes. Six to ten men in camouflage shirts jump out with submachine guns.

Someone shouts "Viva El Salvador!" The armed men open fire, spraying bullets into restaurants and outdoor tables. People dive for cover. A U.S. marine is chased and shot down. The assassins kill three other marines at their tables.

Later, a rebel group claims responsibility for the attack. "The first results of the Yankee invasion are beginning to be paid by deaths," reads the communiqué.

The next day, President Ronald Reagan condemns the attack. He promises to continue sending economic and military aid to El Salvador. Salvadoran President Jose Napoleon Duarte praises U.S. support of his government.

Because Central America is so close to the United States, many Americans consider it to be vital to our national defense. But the region is beset with violence and political instability.

President Reagan believes that communists are responsible for much of the violence and instability in Central America. He claims that communists in Nicaragua and nearby Cuba are encouraging revolution in the region. But many Americans believe that poverty, dictatorial regimes, and human rights abuses are the true problems in Central America. They warn that these problems must be overcome before peace is possible.

Key Questions

- How serious is the threat of communism in Central America?
- Does the United States have a right to interfere in the domestic affairs of Central American nations?
- Have U.S. policies encouraged stability in the region?
- Should the United States continue to support the anti-Sandinista *contras*?

Background

Cuba and the Countries of Central America. The countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) have similar histories. Over the years, these countries have suffered from foreign intervention and, more recently, from repressive governments. Economic and political power has been concentrated in the hands of a small number of people, often the military. None of the countries of Central America has a strong tradition of representative government, except Costa Rica, which has no army and has had an elected government since 1948.

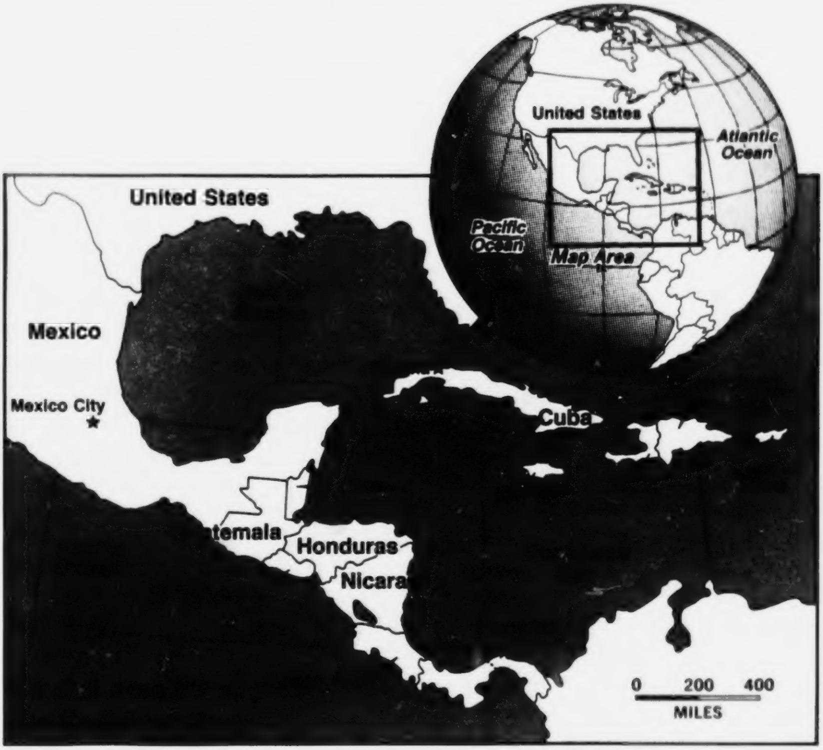
Although Cuba is not part of Central America, it has had a tremendous impact on the region. Cuba's 1959 revolution and its defiance of the United States have been an inspiration to many revolutionary groups in the region.

Reuters/Bettmann Newsphotos

Fidel Castro, leader of Cuba since 1959, was the first revolutionary in the Caribbean basin to successfully challenge U.S. dominance of the region. The United States believes that Castro is encouraging communist revolution in Central America.

Cuba. During the first half of this century, Cuba was almost an American colony, the playground of America's rich. But most Cubans lived in extreme poverty. The government of pro-American dictator Fulgencio Batista, who ruled from 1952 until 1959, was harsh and corrupt, and set the stage for Fidel Castro's takeover in 1959. Leftists quickly came to dominate Castro's government, instituting a program of sweeping economic and social change. Many of Castro's opponents were either imprisoned or killed. Others emigrated to the United States. In the first years of the Castro government, some 700,000 Cubans fled to the United States.

By 1960, Castro's belligerent anti-Americanism and his growing ties with the Soviet Union had seriously strained relations between the United States and Cuba. When Castro seized American assets in Cuba, President Dwight Eisenhower retaliated by cutting trade with Cuba. Eisenhower declared that the United States would not "permit the establish-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ment of a regime dominated by international communism in the Western Hemisphere."

Two crises completed the break with Cuba. When President John Kennedy took office in 1961, the Central Intelligence Agency (CIA) was already training a group of anti-Castro refugees to invade Cuba. In April of that year, more than 1,200 anti-Castro Cubans landed at the Bay of Pigs, ninety miles south of Havana, Cuba. But Castro's superior forces quickly crushed the invaders. In 1962, the United States learned that the Soviets had based nuclear missiles in Cuba. President Kennedy placed U.S. military forces on alert and blockaded the island until the missiles were removed.

Today, Cuba is a close ally of the Soviet Union and receives approximately $4 billion annually in Soviet aid. The United States maintains that Cuba exports revolution to countries in Central America. Castro has been accused of supplying military equipment to anti-government rebels in the region.

Nicaragua. In 1909, the United States sent a naval force to intervene in Nicaragua after two Americans were executed. U.S. marines stayed in Nicaragua off and on until 1933. Before leaving, the marines trained General Anastasio Somoza Garcia to lead a national guard. Somoza used the guard to assassinate guerrilla leader General Augusto Sandino, to overthrow liberal President Juan Batista Sacassa, and to establish a military dictatorship. During the next forty-five years, three Somozas ruled Nicaragua—Anastasio Somoza and his two sons, Luis Somoza Debayle and Anastasio Somoza Debayle. The Somozas were so undemocratic and corrupt that, by 1978, many Nicaraguan peasants, business leaders, and members of the middle class had ceased to support the regime.

The Sandinistas. On July 20, 1979, after a two-year civil war, the Somoza regime was overthrown by a popular opposition movement made up of a pro-communist group—known as the Sandinista National Liberation Front—and several other political factions representing both the poor and the middle class. A new Government of National Reconstruction was formed. Although the Sandinistas played a major role, the new government included representatives of the private business sector and the middle class. The new government said it would spurn "American-style" capitalism and "Soviet-style" communism and follow a third way: a part-socialist and part-capitalist economy with political pluralism—many political groups instead of one.

Despite strong opposition from the United States and anti-government rebels *(contras)* fighting in the countryside, the Sandinista government has remained in power. Significant reforms have been instituted in education and land ownership. Elections have also been held, although the United States considers them to be fraudulent. The Nicaraguan government has also established ties with Cuba and the Soviet Union. In response to Nicaragua's procommunist government, the Reagan administration has strongly backed the *contra* forces and enacted a trade embargo against the Sandinistas.

El Salvador. Most of El Salvador is divided between the very rich and the very poor. Until recently, more than 85 percent of the tillable land belonged to 5 percent of all the landowning families. The wealthiest of these—known as the fourteen families—were closely aligned with right-wing military officers who ruled El Salvador for nearly fifty years.

In October 1979, the United States backed a bloodless coup by moderate military officers who intended to take power away from the fourteen families and the military and to establish a reform-oriented civilian government. By March 1980, a government of Christian Democrats—led by Jose Napoleon Duarte—had decreed the Basic Law of Agrarian Reform. The decree established a gradual three-phase program to break up the larger and medium-sized estates, organize agricultural cooperatives, and give land to tenant farmers.

But some leftist members of the new government wanted the large estates broken up immediately and left the government in protest.

COOPERATIVA
"DAVID TEJADA"
¡PRESENTE!
EJADA
ITE !

Uniphoto/Jim Levitt

Inequitable land distribution has caused widespread discontent throughout Central America. Here, peasants in El Salvador attend a political rally favoring land reform.

They believed that conservative politicians and the military still controlled the government. This departure touched off a wave of demonstrations, and armed rebellion soon followed. Meanwhile, right-wing extremists opposed to the government's land reform policy organized "death squads" that murdered and terrorized those opposed to the right-wing policies. Many military officers and soldiers were accused of joining the death squads. The Duarte government was caught in between the left- and right-wing forces.

Elections for a constituent assembly—a legislative body similar to the U.S. Congress—were held in 1982. Most left-wing rebel groups refused to participate. Duarte's moderate Christian Democratic party received 40 percent of the overall vote, but four rightist groups shared the remaining 60 percent and formed a coalition. Critics accused the coalition of blocking Duarte's policy of land reform and encouraging the death squads, despite warnings that the United States might cut off economic and military aid. In 1984, Duarte was elected president, and in 1985, the right-wing political groups suffered a strong defeat in elections for the constituent assembly.

Guatemala. Since 1945, assassinations and political violence from the left and the right have been the norm in Guatemala. The occasional elections were subject to widespread fraud by the government in power. On March 7, 1982, the presidential election was won by General Angel Ambal Guevara, the handpicked successor of the former dictator, Fernando Romeo Lucas Garcia. Many people suspect that Guevara won the election by fraud.

Two weeks after the election, Guevara was overthrown in a military coup. His successor, General Efrain Rios Montt, was overthrown eighteen months later and replaced by another army general, Oscar Humberto Mejia Victores. In 1985, the Guatemalan people elected a civilian president, Vinicio Cerezo, and many Americans believe that political reform is on the way.

Melanie Stetson/The Christian Science Monitor

Although democratic elections have taken place in El Salvador, Honduras, and Guatemala (shown here), many observers believe that the military still wields considerable power. The United States is trying to limit the military's power by threatening to end economic and military assistance if the civilian governments are overthrown.

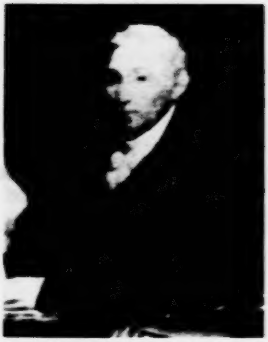
But others say that the military is still running the country, albeit behind the scenes, and that reform is a long way off.

Honduras. In spite of a weak economy and neighboring nations in turmoil, Honduras has remained relatively quiet. The democratically elected civilian president of Honduras believes that the United States should reward its stability and pro-Americanism.

The United States has promised to defend Honduras in case of attack. In the last four years, the U.S. Army has staged training maneuvers in Honduras, built military airfields and bases for possible use by U.S. troops, and established training facilities for the Honduran army. Also, the United States has used Honduras as a base for the infiltration of an estimated 18,000 *contras* into Nicaragua. Critics of U.S. policy in Honduras argue that an increased U.S. presence there could lead to a war between Nicaragua and Honduras.

U.S. Foreign Policy

Monroe Doctrine (1823). In the early 1800s, many Spanish colonies in Central America and South America fought for and achieved independence. In 1823, President James Monroe informed the world that the United States



In 1823, President James Monroe announced that the United States would regard any attempt by the countries of Europe to reestablish colonies in the Americas or to intervene in the affairs of the Americas as an act of hostility. This pronouncement, which became known as the Monroe Doctrine, demonstrated the United States' resolve to defend its interests in Latin America.

would regard any European attempt to reestablish colonies in the Americas or to intervene in the affairs of the Western Hemisphere as an act of hostility. The principle that the United States would defend its interests in Latin America was the foundation of U.S. Latin–American policy until the 1947 Inter-American Treaty of Reciprocal Assistance. This treaty says that if an outside nation attacks an American country, the other American nations are obligated to provide assistance.

Spanish-American War (1898) and the Platt Amendment (1901). Although the United States fought the Spanish-American War in part to help Cuba achieve independence from Spain, it also hoped to gain influence in Cuba after the war. In 1901, Congress passed the Platt Amendment, which later became part of a treaty with Cuba. The amendment gave the United States access to naval bases on the island and authorized the United States to intervene in Cuba "when necessary." The United States invaded Cuba in 1906 and in 1917, establishing a precedent for intervention in other parts of Latin America.

Dollar Diplomacy (1912). The expression "dollar diplomacy" came from a speech by President William Taft, who said that U.S. interests in Latin America could best be served by "substituting dollars for bullets." American businesses began to invest heavily in plantations, mines, and factories in Latin America. With these investments came substantial influence over regional governments. However, dollar diplomacy also led to military intervention when American business interests felt threatened.

Good Neighbor Policy (1933). President Franklin Roosevelt sought better relations with Latin America. He replaced dollar diplomacy with a "good neighbor policy." Roosevelt pledged that the United States would cooperate politically and economically with Latin America and would not intervene in any country's domestic affairs.

Anti-communist Interventions. During the Cold War years following World War II, the good neighbor policy gave way to interventionism to protect U.S. national security interests. The most blatant examples of interventionism were the 1954 coup against reformist President Jacobo Arbenz Guzmán in Guatemala and the 1961 Bay of Pigs invasion of Cuba. U.S. marines also invaded the Dominican Republic in 1965.

U.S. Aid to Central America. Fidel Castro's takeover of Cuba in 1959 shocked the United States. American business and government leaders had taken for granted their control over Cuba and Central America. But now a new element—communist insurgency—threatened U.S. dominance.

To avoid another "Cuba," President Dwight Eisenhower developed a two-track policy to give military and economic aid to Central America. He hoped that the aid would help the poor and lessen the likelihood that they would support radical political change.

In the 1960s, President John Kennedy created the Alliance for Progress, an economic aid program that provided funds for roads, schools, hospitals, and water projects. But the aid did not put an end to social and economic inequalities in the region. Many Central Americans knew that great sums of money were being spent in their countries, but saw little improvement in their own lives. Many became disenchanted with the prospects for change and became receptive to the idea of revolution.

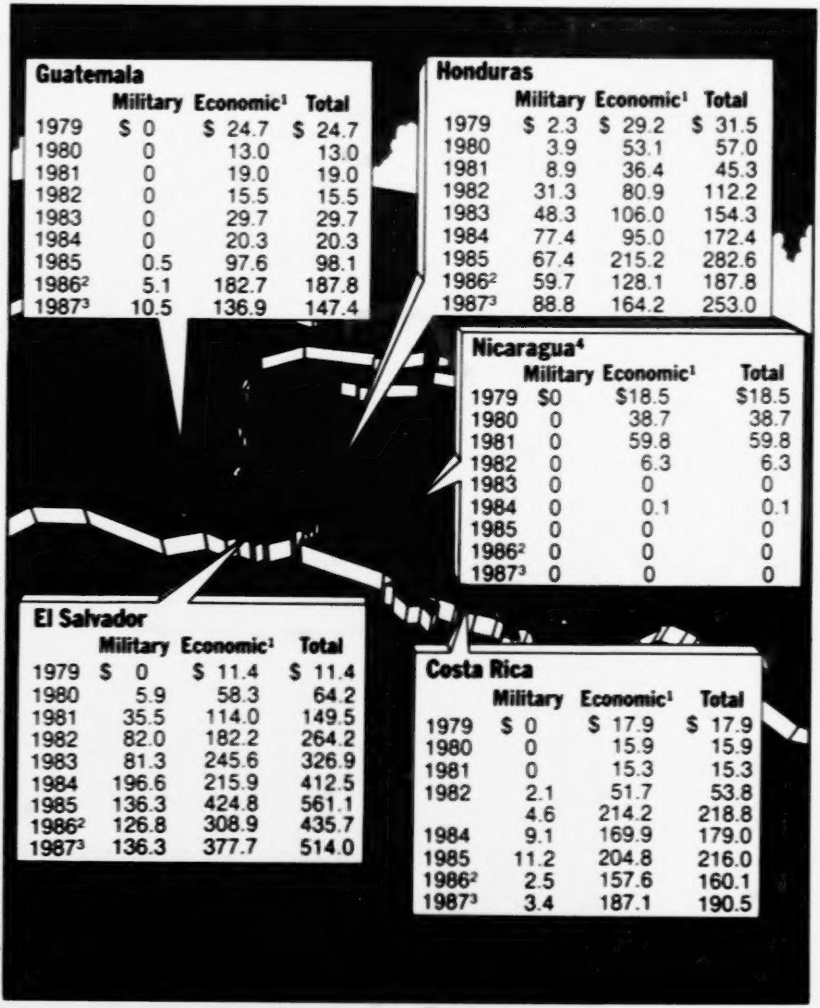
The Shift Toward Human Rights. During the mid-1970s, President Jimmy Carter and many liberal Democrats in Congress led the way in making human rights—rather than anticommunism—the cornerstone of U.S. foreign policy. Carter said that no country "can claim that the mistreatment of its citizens is only its own business." He threatened to cut foreign aid to any country that continued to abuse its citizens and stopped military aid to Argentina, Chile, El Salvador, Guatemala, and Nicaragua.

Reagan's Policies Toward Central America. In the 1980s, President Reagan moved his foreign policy initiatives away from the Carter administration's emphasis on human rights in favor of containing the spread of communism. President Reagan believes that U.S. national security interests are directly threatened by communists operating in Central America, who are inspired by the Cubans and the Soviets. He believes that the United States should supply its allies with large amounts of economic and military aid to ensure that communist rebels do not gain power.

Caribbean Basin Initiative. In 1982, Congress approved Reagan's Caribbean Basin Initiative—a six-point economic plan for the area—to combat "poverty and the sense of hopelessness that comes with it." The plan gave large amounts of economic aid to the region, special duty-free status to products made in the Caribbean, and tax incentives to American businesses that invested in the region. However, nations would benefit from this plan only if they lowered tariffs on American products and cooperated militarily with the United States.

Increasing Aid to Central America. In 1984, President Reagan asked Congress to approve an additional $8.3 billion in economic and development aid for Central America over the next five years. He also proposed additional military aid, most of which was for El Salvador. Reagan received mixed support for this plan. Many experts agreed that economic aid would counter years of social injustice and prevent civil war. However, some experts said that the aid would not lead to economic change, but would reinforce the existing economic system.

Reagan's plan to increase military aid divided Congress. Many members argued that increased military aid to El Salvador would encourage abuses of human rights by the military and right-wing death squads. The administration argued that increased aid would strengthen Duarte's government, defeat the leftist rebels, and bring peace to the countryside. Only when peace was achieved, Reagan said, could internal reform and long-term stability occur.



Guatemala

	Military	Economic[1]	Total
1979	$ 0	$ 24.7	$ 24.7
1980	0	13.0	13.0
1981	0	19.0	19.0
1982	0	15.5	15.5
1983	0	29.7	29.7
1984	0	20.3	20.3
1985	0.5	97.6	98.1
1986[2]	5.1	182.7	187.8
1987[3]	10.5	136.9	147.4

Honduras

	Military	Economic[1]	Total
1979	$ 2.3	$ 29.2	$ 31.5
1980	3.9	53.1	57.0
1981	8.9	36.4	45.3
1982	31.3	80.9	112.2
1983	48.3	106.0	154.3
1984	77.4	95.0	172.4
1985	67.4	215.2	282.6
1986[2]	59.7	128.1	187.8
1987[3]	88.8	164.2	253.0

Nicaragua[4]

	Military	Economic[1]	Total
1979	$0	$18.5	$18.5
1980	0	38.7	38.7
1981	0	59.8	59.8
1982	0	6.3	6.3
1983	0	0	0
1984	0	0.1	0.1
1985	0	0	0
1986[2]	0	0	0
1987[3]	0	0	0

El Salvador

	Military	Economic[1]	Total
1979	$ 0	$ 11.4	$ 11.4
1980	5.9	58.3	64.2
1981	35.5	114.0	149.5
1982	82.0	182.2	264.2
1983	81.3	245.6	326.9
1984	196.6	215.9	412.5
1985	136.3	424.8	561.1
1986[2]	126.8	308.9	435.7
1987[3]	136.3	377.7	514.0

Costa Rica

	Military	Economic[1]	Total
1979	$ 0	$ 17.9	$ 17.9
1980	0	15.9	15.9
1981	0	15.3	15.3
1982	2.1	51.7	53.8
	4.6	214.2	218.8
1984	9.1	169.9	179.0
1985	11.2	204.8	216.0
1986[2]	2.5	157.6	160.1
1987[3]	3.4	187.1	190.5

Source: Agency for International Development and Washington Office on Latin America

In 1986, President Reagan focused his attention on Nicaragua. He asked Congress to approve $100 million in military and nonlethal "humanitarian" aid for the *contra* forces fighting the Sandinista government. Congress was strongly divided over the request. Initially, the House of Representatives rejected the request, while the Senate narrowly approved it. Secretary of State George Shultz and other high-level administration officials warn that the *contras* will fail without U.S. funds and that American troops may eventually have to fight in Central America.

Current Issues

Does the Sandinista Government Threaten Our National Security? In a 1986 nationwide address, President Reagan said that the Nicaraguan Sandinistas pose a "mortal threat to the entire New World." According to the president, the Sandinistas give weapons to radical forces in Costa Rica, El Salvador, Guatemala, and Honduras. He warns that if the Sandinistas are not checked, unrest and revolution could engulf Central America and Mexico. Such an upheaval would send millions of refugees to the United States, causing severe economic and political problems. President Reagan also says that the Soviet Union supplies the Sandinistas with military and economic aid and that Nicaragua may allow the Soviets to build a naval base there. He warns that the Sandinistas could block vital sea lanes that carry almost half of our exports and more than half of our imported oil.

Critics of President Reagan's policies in Central America believe that the Sandinistas do not threaten the United States. They say that Nicaragua is a small, weak country that cannot begin to match the military and economic might of the United States. According to critics, President Reagan has invented a Sandinista "threat" to build public support for overthrowing a government he dislikes. They claim that some officials at the Department of State have privately admitted that there is no evidence that the Soviet Union is trying to build a military base in Nicaragua. Critics also say that Nicaragua has taken aid from the Soviet Union and Cuba only because the United States is unwilling to help. They claim that the Sandinistas are in fact sensitive to U.S. concerns in the region. For example, since 1981, when the United States pressured the Sandinistas to end their support of the anti-government rebels in El Salvador, the flow of weapons to the rebels has slowed to a trickle. Nicaragua knows that if it ever becomes a clear and direct threat to U.S. interests, the United States would take decisive military action against it.

Should the United States Support the *Contras*? President Reagan believes that the structure of the Sandinista government must be changed. To do this, the president supports giving military aid to the *contras* who are waging a war against the Sandinistas. Reagan believes that the *contras* offer the best hope for freedom and democracy in Nicaragua, calling them "freedom fighters" and comparing them to the "founding fathers" of the United States.

President Reagan says that he does not seek to overthrow the Sandinista government, only to force the Sandinistas to end their repression of individual rights and to hold democratic elections. He says that the Sandinistas betrayed the 1979 Nicaraguan revolution when they began harassing the Catholic church, limiting the participation of competing political parties, reducing freedom of the press, and curtailing other civil rights. According to the president, more and more dissatisfied Nicaraguans are joining the *contras*, and leaders of other countries in the region—including Costa Rica, El Salvador, Guatemala, and Honduras—tell him privately that they support his policies. Reagan warns that if we abandon the *contras*, the United States may eventually have to send American soldiers to Central America to stop the spread of communism.

Congressional opposition to the president's support of the *contras* is strong. Some members of Congress believe that we have no right to interfere in the affairs of Nicaragua simply because we find its policies distasteful. They say that the Nicaraguan people have the right to choose their own type of government and their own leaders. Other members of Congress believe that U.S. support for the *contras* will backfire, making the Sandinistas even more repressive and hostile. These critics claim that the *contras* have no hope of toppling the Sandinista government because the Nicaraguan army is too strong and because the *contras* lack popular support. The only way a military solution could succeed is if the United States uses its own troops. In the meantime, say the critics, Reagan's policies are encouraging the Sandinistas to rely more and more on the Cubans and the Soviets for support.

UPI/Bettmann Newsphotos

The Reagan administration supports the anti-Sandinista contras (shown here at a camp along the Honduran-Nicaraguan border) in their fight to overthrow the Nicaraguan government. Although President Reagan has called the contras "freedom fighters," support for the guerrillas has been controversial in the United States.

The Contadora Peace Plan. Many Latin American countries believe that the conflict in Nicaragua can best be solved through diplomatic, rather than military, means. In 1983, four countries—Colombia, Mexico, Panama, and Venezuela—met on the island of Contadora to draft a treaty for achieving peace in Nicaragua. The treaty would: (1) end all arms imports into Central America, (2) expel all foreign military advisors (including those from the United States), (3) prohibit aid to guerrilla movements, (4) prohibit foreign military maneuvers, and (5) limit the size of Central American armies. Although a Contadora treaty is aimed at settling the conflict in Nicaragua, all Central American countries would abide by the treaty.

Despite several meetings of the Contadora group, the Sandinistas and the United States have not agreed to a treaty. Both countries say that they will negotiate their differences only when certain conditions are met. The United

States insists that the Sandinistas must first open talks with the *contras*, while the Sandinistas say the United States must first end its support for the *contras*.

Critics of President Reagan claim that he is avoiding negotiations in hopes that the *contras* will win their war with the Sandinistas. But President Reagan says that he supports a negotiated settlement and that it is Nicaragua that is foiling his efforts. He points out that, from 1979 to 1980, the United States was the largest donor of aid to Nicaragua, but that the Sandinistas rebuffed the United States in favor of the Soviets. The Reagan administration also claims that other Central American countries privately support its policies but are afraid to say so publicly because it would anger Nicaragua, which has the largest army in the region. Nicaraguan President Daniel Ortega claims that President Reagan is trying to fool the American people into supporting a military solution to the problems of Central America so that the United States can control the region.

Civil War in El Salvador. President Reagan believes that peace and stability are slowly returning to El Salvador after years of civil war and terrorism. The administration says that the leftist rebels are facing defeat, the military is being reformed, and right-wing death squads are disappearing. But privately, administration officials fear that El Salvador's problems may be far from over.

The government of El Salvadoran President Jose Napoleon Duarte, which is supported by the United States, is facing problems on all sides. The civil war in El Salvador is entering its eighth year, and although both the rebels and Duarte claim popular support, the conflict appears stalemated. Negotiations have broken down, and the Salvadoran government has started to bomb guerrilla areas. The bombing has left thousands of people homeless. In addition, Duarte also faces political and economic problems. Many left-wing groups are critical of

Uniphoto

U.S. military advisors instruct local troops in El Salvador and Honduras. Some observers fear that the presence of American advisors in Central America will lead to greater U.S. military involvement there.

forces are upset because the government has given cities the authority to seize private property. Meanwhile, thousands of Salvadorans are marching in protest over poor wages and benefits, while the military is pressuring Duarte to delay his political and economic reforms.

The administration's policy of supporting Duarte has drawn strong bipartisan support in Congress. Many members of Congress believe that, because of Duarte, human rights violations have dropped, the military is under control, and the government is trying to make democracy work. The United States promises to end its aid to El Salvador if the military ousts the popularly elected Duarte. Ending U.S. aid would throw the Salvadoran economy into a severe depression and could lead to a rebel victory.

Increasing American Presence in the Region. Since 1980, the United States has increased its presence in Central America by increasing its aid to the region and by introducing American forces there. For example, U.S. military advisors help train the Salvadoran army, and President Reagan would like to send the Green Berets to train the *contras*. Some experts fear that the growing American presence could lead the United States into a war similar to the disastrous Vietnam War.

The American presence is especially strong in Honduras where American soldiers have constructed airfields, roads, bridges, and training bases. The military has also conducted large-scale maneuvers there. Since 1983, there have rarely been fewer than 1,000 U.S. troops stationed in Honduras, and tens of thousands of others have participated periodically in military exercises. The strong U.S. presence has placed Honduras in a difficult position. On the one hand, Honduras wants the aid provided by the United States and the spending that the bases and maneuvers pump into the economy. On the other hand, Honduras realizes that Nicaragua views the U.S. presence with alarm. Honduras fears that the United States is practicing for an invasion of neighboring Nicaragua.

Outlook

Civil wars, revolutions, coups, poverty, and unjust economic and political systems have plagued Central America for many years, and the situation probably will not improve soon. The question for the United States is: Can Congress and the president agree on a policy to deal with the upheaval in Central America, especially in Nicaragua? President Reagan is determined to stop the spread of communism in the region. Many members of Congress believe that the real enemies in Central America are economic and social problems, which cannot be defeated with guns. But members of Congress understand that political and economic reform will take time, and they are likely to approve future administration requests for military aid to Central America rather than be accused of losing the region to communism.

The Debate

Central America

Should the United States Emphasize Military Aid—Rather Than Economic Aid—to Central America?

PRO

Economic aid is fine—when there is peace. Unfortunately, economic aid cannot fight communist soldiers. Economic aid is wasted when bridges are destroyed, when food is diverted from the poor, and when crops are burned and trampled. The time to rebuild Central America is after peace is secured, and that can only happen after the communists are convinced that they cannot achieve victory.

CON

Military aid does not address the sources of conflict in Central America—poverty and social injustice. Peasants will continue to join arms with rebel groups until Central American governments make a concerted effort to cure their society's social and economic ills. The United States should provide constructive—not destructive— support to these governments.

Should the United States Support the *Contras*?

PRO

U.S. support of the *contras* prevents the Nicaraguan government from becoming a communist base in Central America. The Sandinistas support revolutionary movements throughout the region, which threaten the national security of the United States. If the *contras* lose, the United States may be forced to send its own troops into the region to stop the spread of communism.

CON

The United States has no right to interfere in the domestic affairs of Nicaragua. Moreover, U.S. support of the *contras* pushes the Sandinistas closer to the Soviet bloc. The *contras* are led by right-wing terrorists who seem to offer only a return to the policies of dictator Somoza. The United States must not battle injustice with injustice.

Should the United States Negotiate With the Sandinistas?

PRO

A military solution to our problems with Nicaragua is impossible. The *contras* cannot win, and the American people will never support sending U.S. soldiers to fight the Sandinistas. Negotiations, which our Latin allies strongly support, are the only way to resolve the conflict. The Sandinistas have called for talks in the past and are willing to limit their ties with Cuba and the Soviet Union if we end our support of the *contras*.

CON

Negotiating with the Sandinistas would be a mistake. They cannot be trusted. We tried to help Nicaragua once before when we were its largest donor of aid. But the Sandinistas rebuffed us and turned to the Soviets. The Sandinistas might temporarily agree to a treaty, but they would resume their support of revolutionaries throughout Central America once we ended our aid to the *contras*. Military pressure is the only way to hold the Sandinistas in check.

Middle East

May 14, 1948. Above the Tel Aviv Museum of Art flew a blue and white Star of David—the flag of the Jewish people in Palestine. A crowd stood at the museum's entrance, cheering as Jewish officials emerged from their cars. Security guards held machine guns as guests and dignitaries took their places inside the museum.

At the front of the room stood David Ben-Gurion, leader of the Haganah—the army of the Jewish Agency for Palestine. Ben-Gurion read a prepared statement announcing the creation of the state of Israel. He said that the Israeli Jews "offer peace and amity to all neighboring states and their peoples, and invite them to cooperate with the independent Jewish nation for the common good of all."

In neighboring countries, Arab leaders denounced the formation of Israel. They believed that the Jews had stolen land that rightfully belonged to the Palestinian Arabs. At midnight, soldiers from Jordan, Syria, Egypt, Iraq, and Lebanon invaded Israel, and at dawn, Arab planes bombed Tel Aviv. The first Arab-Israeli war had begun.

Since 1948, the Israelis and the Arabs have fought four more wars and countless smaller battles. Their conflict has dominated the Middle East and affected countries around the world. While peace has always seemed elusive, it seems as though Arabs and Israelis may be willing at last to compromise and accept one another.

Key Questions

- What role should the United States play in Middle East politics?
- Should the United States support the creation of a Palestinian state?
- Should Israel give up its occupied territories?
- How does the Iran-Iraq War affect other countries in the Middle East?
- Is a peace settlement likely in the Middle East?

Background

The Major Actors in the Middle East Crisis

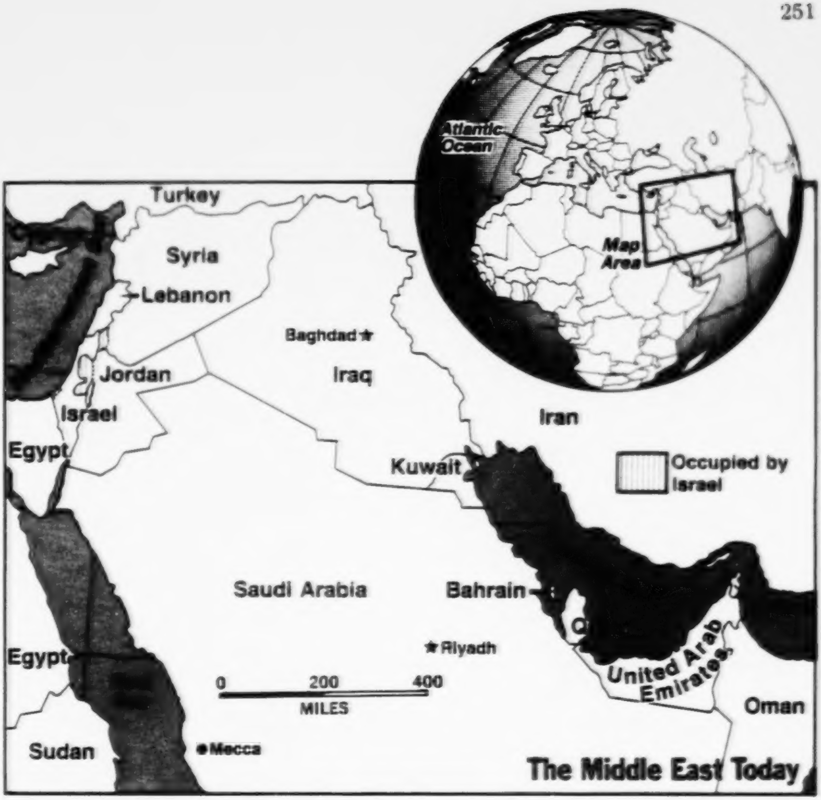
Israel. Israel was formed from part of the Palestine Mandate—the territory of Palestine that had been taken from the Turkish Ottoman Empire after its defeat in World War I and mandated to Great Britain by the League of Nations. Palestine then included areas now comprising Jordan, Israel, Israeli-occupied territories on the west bank of the Jordan River (the West Bank), and the Gaza Strip.

Modern Israel grew out of Zionism, a political movement founded in 1897 to establish a Jewish homeland free from anti-Semitic persecution. Twenty years later in the Balfour Declaration, the British government agreed in principle to the establishment of such a homeland in Palestine. Tens of thousands of Jews immigrated to Palestine, joining Jews who had lived there for centuries. While the Balfour Declaration was a significant step, the major drive to establish a Jewish state grew out of the Holocaust—the attempted extermination of the Jews by the Nazis. Thousands of homeless Holocaust survivors went to Palestine after World War II. In 1947, the United Nations proposed that two states—one Arab and one Jewish—be created on the section of Palestine west of the Jordan River. On May 14, 1948, the Jewish state of Israel declared its independence.

The Balfour Declaration

In 1917, British Foreign Secretary Arthur Balfour sent the leader of the British Zionists, Lord Rothschild, a letter. The letter, which later became known as the Balfour Declaration, stated that Great Britain would support the establishment of a "national home" in Palestine for Jews if "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine."

The United States was one of the first nations to recognize the state of Israel. U.S. support for Israel was an outgrowth of American cultural and religious ties to Jews, the feeling of a moral obligation to help the Jews establish a homeland after the Holocaust, and the belief that the new Israeli government would likely be democratic. Today the United States continues to look to Israel as its most reliable ally in the Middle East. Israel has the strongest military force in the region and is also the only working democracy there.


Atlantic Ocean
Map Area
Turkey
Syria
Lebanon
Baghdad
Iraq
Jordan
Israel
Iran
Egypt
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Occupied by Israel
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Oman
Sudan
Mecca

The Middle East Today

Egypt. With more than 46 million people, Egypt is the most populous Arab country. Modern Egypt was established in 1952 when King Farouk was overthrown and the Republic of Egypt proclaimed. The key figure in the coup was Colonel Gamal Abdel Nasser, who became president in 1954. Nasser established close relations with the Soviet Union and attempted to unify other Arab nations into a United Arab Republic by exploiting strong anti-Israel feelings.

After Nasser died in 1970, Vice President Anwar el-Sadat became president and drastically altered Egypt's policies. He asked Soviet military advisors to leave in 1973, and in 1978 became the first Arab leader to negotiate peace with Israel. Most Arab countries condemned Sadat, and many broke relations with Egypt.

In 1981, a group of Moslem fundamentalists assassinated Sadat, and Vice President Muhammed Hosni Mubarak became president. Since 1982, Mubarak has cooled diplomatic relations with Israel in an attempt to bring Egypt back into a position of Arab leadership.

Jordan. In 1921, Britain established the autonomous region of Transjordan from the eastern two-thirds of its Palestine Mandate. In 1946, Transjordan became an independent Arab kingdom. Three years later, Transjordan annexed much of the area on the west bank of the Jordan River. Transjordan then was renamed Jordan. Since 1952, Jordan has been ruled by King Hussein, who has generally steered a moderate course between the United States and the Soviet Union. However, the United States has tried to increase its influence with King Hussein through arms sales and has encouraged him to enter peace negotiations with Israel.

Syria. The French controlled Syria from World War I until its independence in 1946. In 1958, Syria united with Egypt in the United Arab Republic (UAR). However, Egypt quickly became dominant, and in 1961, the Syrians withdrew from the UAR. During the next decade, Syria's government was highly unstable, until General Hafez al-Assad came to power in 1970. Assad, who is still president today, maintains close ties with the Soviet Union.

Lebanon. Lebanon, a French colony until 1945, has a population composed of about 60 percent Moslems and 40 percent Christians. This population mix has made Lebanon more pro-Western than many of its neighbors, but has also made Lebanon a powder keg. In the early 1970s, the powder keg exploded into a civil war involving Lebanese Christians, Moslems, the Palestine Liberation Organization (PLO), and Syrian "peacekeeping forces." In 1982, Israel became involved when it invaded southern Lebanon, ultimately taking much of Beirut, Lebanon's capital. Even before the 1982 Israeli invasion, much of Beirut—once a world showcase—lay in ruins, and the nation's economy was virtually shattered.

Saudi Arabia. Occupying most of the Arabian peninsula, Saudi Arabia is one of the largest Arab countries in the Middle East and contains the world's largest reserves of oil. The United States considers Saudi Arabia to be a friend and a moderating force in the region. For these reasons, the United States has sold advanced military equipment to the Saudis, such as the AWAC airborne radar plane. However, the sale was controversial because the United States appeared to be supplying arms to both Arabs and Israelis. Critics of the sale argued that the Saudis are not solid U.S. allies, having opposed U.S. efforts to establish military bases in the Middle East and having taken tough stands against Israel—two policies at odds with the Reagan administration.

The Palestinians. The Palestinians are a people without a homeland. In 1921, the British gave two-thirds of Palestine to a non-Palestinian, Arab king. This land is now the kingdom of Jordan. When the western third of Palestine was partitioned after World War II, Egypt, Israel, and Jordan absorbed areas that were supposed to form a separate Palestinian state.

Conflicts in the Middle East have affected approximately 4 million Palestinians. They now are scattered throughout the region, many living in refugee camps in Jordan, Syria, Lebanon, and the Israeli-occupied West Bank. Others fled to Europe or North America.

In 1964, the Palestine Liberation Organization (PLO) was formed to lead the struggle for a Palestinian state. The PLO has used both violence and diplomacy in pursuit of a homeland for the Palestinian people. In 1974, the United Nations granted the PLO observer status, which allows the PLO to participate in the United Nations General Assembly, although it may not vote. The United States refuses to rec-

Terrorism in the Middle East

According to the Vice President's Task Force on Combating Terrorism, there were 812 international terrorist incidents in 1985. Nearly half of the attacks took place in the Middle East. The Task Force said that the "two main sources of terrorism" in the Middle East were militant Shi'ites and radical Palestinians.

Location	No. of Incidents	% Total
Middle East	[illegible]	[illegible]
Western Europe	[illegible]	[illegible]
Latin America	[illegible]	[illegible]
Asia	[illegible]	[illegible]
Africa	[illegible]	[illegible]
North America	4	[illegible]
Eastern Europe	2	[illegible]

ognize the PLO until it recognizes Israel's right to exist. The PLO says it will not recognize Israel until the Palestinians have a homeland of their own.

Iraq. Located in the valley between the Tigris and Euphrates rivers, where Western civilization was born, Iraq's capital, Baghdad, was long the center of Arab culture. In the seventeenth century, the Turkish Ottoman Empire took control of Iraq and held it until the end of World War I. After the war, the British occupied Iraq under a League of Nations mandate. The British installed a Hashemite king in 1932 and maintained a strong influence over the government. In 1958, the king was overthrown in a pro-communist military coup. Since then, the country's economy has grown with the development of its oil resources. In 1980, Iraq invaded Iran over a long-standing border dispute. The war has resulted in huge casualties, attacks on neutral ships sailing in the Persian Gulf, and interruption of oil exports of both countries.

Iran. Iran is not an Arab country. Iranians are descendents of the Persian Empire that ruled much of the Middle East in biblical times. From the end of World War II until 1978, Shah Mohammed Reza Pahlavi ruled Iran. Pahlavi briefly lost power to nationalists in the early 1950s, but was restored in a counterrevolution backed by the United States. Back in power, the Shah expanded oil production and used oil profits to modernize his country. However, political opposition was not tolerated, and thousands of political prisoners were arrested and tortured. In 1978, revolutionaries gained power, and an exiled Shiite Moslem leader, the Ayatollah Ruhollah Khomeini, became Iran's new leader.

Under Khomeini, Iran has been strongly anti-American and anti-Western. Khomeini condemns the United States for supporting the Shah and his repressive regime. In addition, Khomeini believes that the "westernization" of Iranian society—for which he holds the United

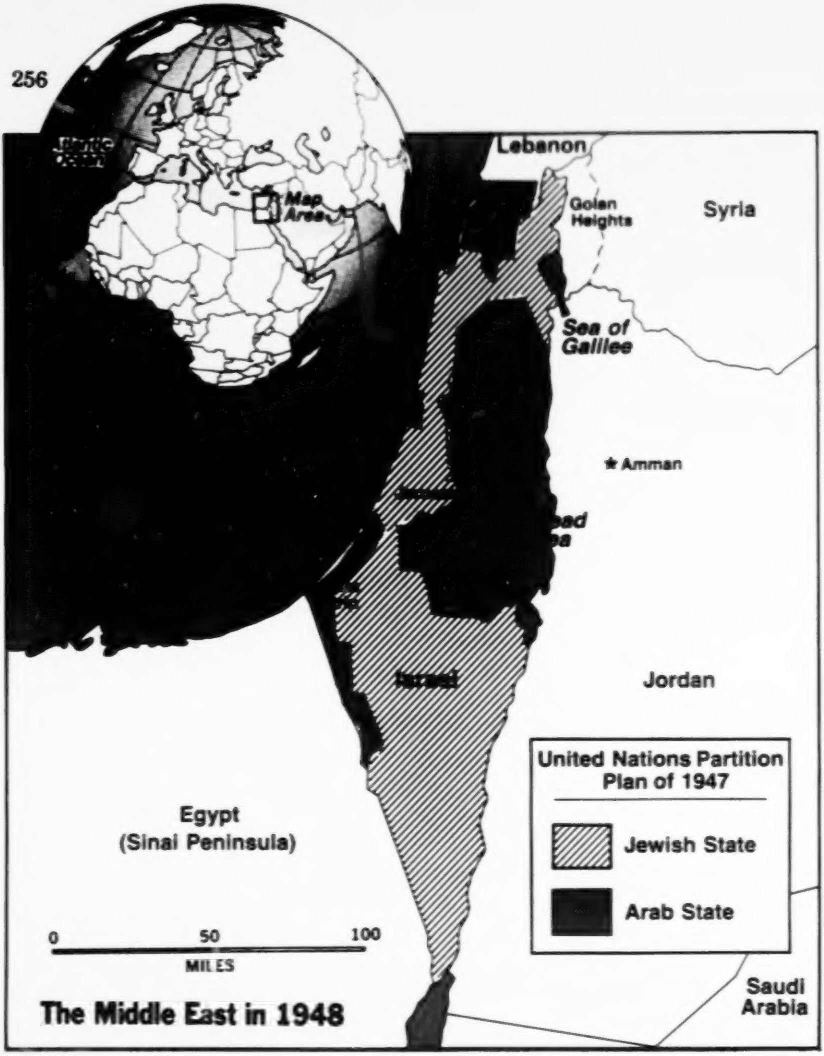
States largely responsible—corrupted Iran, moving it away from strict Islamic observance and alienating Iranians from their national identity.

Much of Iran's foreign policy is based on the religious fervor of its leaders. Khomeini has called for the unity of all Moslem nations, but many neighboring states fear that he wants to subvert their governments and institute fundamentalist Islamic governments similar to his own.

The Arab-Israeli Conflict

Establishment of Israel (1948). In December 1947, the United Nations approved a partition plan dividing Palestine into Jewish and Arab sectors. Immediately, civil war broke out between Arabs and Jews in Palestine. On May 15, 1948, Jewish settlers proclaimed the establishment of the state of Israel. In response, soldiers from Egypt, Transjordan, Syria, Lebanon, and Iraq crossed into Palestine and turned the civil war into a regional war. The cease-fire lines of that war became Israel's tentative border. Since then, the Middle East has been rocked by violence, including four major wars:

- The Sinai Campaign (1956)—In 1956, Israel invaded Egypt's Sinai Peninsula in a joint French-British operation. Israel occupied the region for several months until the United States convinced Israel to withdraw its troops.
- The Six-Day War (1967)—Fearing that Egypt was preparing to attack, Israel launched a surprise invasion on June 5, 1967, defeating Egypt, Syria, and Jordan in what came to known as the Six-Day War. Israel captured the Gaza Strip, the Golan Heights, the Sinai Peninsula, the west bank of the Jordan River, and the eastern half of Jerusalem. Except for the Sinai, which was given back to Egypt in 1982, Israel still maintains control of these territories.



Atlantic Ocean
Map Area
Lebanon
Golan Heights
Syria
Sea of Galilee
Amman
Dead Sea
Israel
Jordan
Egypt
(Sinai Peninsula)
United Nations Partition Plan of 1947
Jewish State
Arab State
0
50
100
MILES
Saudi Arabia

The Middle East in 1948

- The War of Attrition (1969–70)—In April 1969, Egypt began firing artillery shells at Israel. For the next 16 months, the two countries fought a "war of attrition" with artillery and airplanes. More people were killed in this undeclared war than in the Six-Day War.
- The October War (1973)—Determined to regain land they lost in 1967, Syria and Egypt attacked Israel on October 6, 1973, the Jewish holy day of Yom Kippur. Al-

though Israel won the war, Israel suffered politically both at home and abroad. Domestically, the government lost credibility because of the high number of Israeli casualties. Internationally, some supporters of Israel remained neutral under pressure from oil-rich Arab nations.

UN Security Council Resolutions 242 and 338. During the 1960s and 1970s, the United Nations (UN) adopted two resolutions that attempted to establish the principles for a negotiated settlement in the Middle East. UN Security Council Resolution 242, passed in 1967, called for the end to all declarations of war and the withdrawal of Israeli troops from territories captured from the Arabs—including the Gaza Strip, the Golan Heights, the Sinai Peninsula, the west bank of the Jordan River, and the eastern half of Jerusalem. In addition, Israel and the Arab states were to respect their neighbors' independence and their right to live in peace within secure and recognized boundaries. The resolution also called for a "just settlement" of the Palestinian refugee problem. UN Security Council Resolution 338, passed in 1973, stated that the proposals of Resolution 242 should be pursued through negotiations.

Resolutions 242 and 338 are supposed to be a mutually accepted basis for peace in the Middle East. However, much of the language is vague and open to differing interpretations. These differences in interpretation and the atmosphere of mutual mistrust—especially between Israel and the PLO, Syria, and Jordan—have limited the effectiveness of the resolutions.

Egyptian-Israeli Peace. On November 19, 1977, Egyptian President Anwar el-Sadat became the first Arab leader to visit Israel. Sadat's trip was a major step in overcoming the psychological barriers of fear, hatred, and suspicion between the Israeli and Egyptian peoples. However, the rest of the Arab world condemned Sadat for negotiating separately with Israel. American efforts to convince Jordan,

The White House

After the signing of the Camp David Peace Accords in 1978, Egyptian President Anwar al-Sadat, U.S. President Jimmy Carter, and Israeli Prime Minister Menachem Begin clasp hands. The agreement led to an Israeli-Egyptian peace treaty and raised hopes that the Arab-Israeli conflict could be resolved.

Saudi Arabia, and others to cooperate in the Israeli-Egyptian talks were unsuccessful.

In 1978, Sadat met with Israeli Prime Minister Menachem Begin and U.S. President Jimmy Carter at the Camp David presidential retreat in Maryland. After twelve days of negotiations, they agreed to the Camp David accords—a framework for peace in the Middle East. An Egyptian-Israeli peace treaty soon followed in 1979, formally ending the two countries' 31-year war. Under the treaty, diplomatic relations, trade, tourism, and other exchanges were established. In addition, Israel returned the Sinai Peninsula to Egypt, and Egypt opened the Suez Canal to Israeli use. Egypt and Israel invited Jordan and Palestinian representatives to participate in a regional peace settlement, but Jordan and the Palestinians declined.

Invasion of Lebanon. In June 1982, Israel invaded Lebanon in an attempt to drive PLO forces out of southern Lebanon. After taking over southern Lebanon, Israel announced a more ambitious goal—the removal of PLO and Syrian forces from all of Lebanon. In 1982, the United States, France, Italy, and Great Britain sent troops to Beirut, the capital of Lebanon, to maintain peace in the area. However, French and American troops were frequently attacked and suffered heavy casualties. In 1984, U.S. forces withdrew to ships offshore to prevent further losses.

Since then, Israel has pulled back most of its forces from Lebanon, except for a 12-mile buffer zone north of Israel's border. Various Christian and Moslem factions have battled each other for control over different areas of Lebanon, and Syrian troops still occupy most of northern Lebanon. The Lebanese government and army are in disarray, and much of Lebanon has been effectively partitioned between Christian, Druze, and different Sunni and Shiite Moslem factions.

Current Issues

Why Is There No Peace? The wars in the Middle East have been raging for nearly four decades, despite diplomatic efforts to create a lasting peace. Although the Egyptian-Israeli peace in the late 1970s broke new ground, it did not lead to an overall settlement of the Arab-Israeli conflict. It was relatively simple to resolve the issues that divided Israel and Egypt—Israeli occupation of the Sinai desert, Israeli access to the Suez Canal, and the establishment of trade relations between the two countries. But the issues that block a regional settlement—such as the establishment of a Palestinian homeland—are far more difficult to resolve. On some key points, Arabs and Israelis each believe that theirs is the *only* acceptable view, leaving no room for compromise.

Many experts believe that UN Security Council Resolutions 242 and 338 offer the best structure for peace in the Middle East. The resolutions identify three major issues to be resolved through negotiations among the warring factions. These issues are: (1) recognition of the state of Israel; (2) a "just settlement" of the Palestinian problem; and (3) return of territories captured by Israel to the surrounding Arab states. The peace process has been slowed by the inability of the Israelis and the Palestinians to agree on who should negotiate on behalf of the Palestinian people.

Recognition of Israel. The modern state of Israel was based on the 1947 United Nations partition plan, which proposed that two nations—one Arab and one Jewish—be formed out of one territory, Palestine. Most nations believed that the Jews needed a homeland after the German Nazis had attempted a mass extermination of European Jews in the 1930s and 1940s. And although it had been many centuries since Jews controlled Palestine, many Jews believed that the land was rightfully theirs, that God had given it to them in biblical times.

Diplomatic Recognition

The United States was the first country to recognize the state of Israel when it declared its independence in 1948. Although the Soviet Union soon followed suit, the Soviets today no longer maintain diplomatic relations with the Israelis.

Few Arabs supported the establishment of Israel. The land that the Arabs and their ancestors had occupied for centuries was suddenly given to another nation. Most Arabs continue to view Israel as an interloper, as the nation that took away the Palestinians' ancestral home. They hold Israel responsible for the death and destruction that has plagued the region for nearly four decades.

Most of the international community accepts Israel's right to exist, and no peace settlement will be possible until neighboring Arab states recognize the legitimacy of Israel. So far, Egypt is the only Arab nation that accepts the state of Israel. Other Arab leaders might be willing to take a similar step, but the consequences could be disastrous. Within three years after Egypt recognized Israel, its leader, Anwar Sadat, was assassinated by a radical faction that had opposed his policies toward the Jewish state.

Establishment of a Palestinian Homeland. Since the state of Israel was established in

1948, many Palestinians have fled Israeli-held areas to neighboring Arab states. Many Palestinians have vowed to fight the Israeli appropriation of their land. They hope to destroy Israel and establish a country of their own in its place. Other Palestinians accept that the nation of Israel is too firmly in place to be eliminated. Tired of the ravages of war, they would like to negotiate a peace treaty with Israel in which their need for a homeland is finally settled. The question is, where.

Some Palestinians believe that Palestine's original borders should be restored and the Israeli government eliminated. Others would accept a Palestinian state on the West Bank. However, a state on the West Bank—occupied by Israel since 1967—may not be viable on its own. The area lacks a strong agricultural or industrial base and has few natural resources. Some diplomats have proposed that a Palestinian state be established in federation with another country (perhaps with Jordan or Israel). But all of these proposals are fraught with difficulty. Many Palestinians resent the idea of relying on another nation for their economic and military survival. And some Palestinians would be unsatisfied with anything less than independence and might continue to fight Israel.

United Nations/M. Nasr

Left without a homeland, many Palestinians live in refugee camps in Israel, Lebanon, and Jordan (shown here). Many experts believe that the Arab-Israeli conflict will continue until the Palestinians are given their own state.

Who Speaks for the Palestinians? Since 1964, the Palestine Liberation Organization has served as a sort of "government in exile," providing a political voice for the Palestinian people. Although the United Nations recognizes the PLO as the sole representative of the Palestinians, the government of Israel considers the PLO to be an untrustworthy, dangerous terrorist organization. Israeli leaders point out that the PLO's charter calls for the destruction of Israel, and therefore they refuse to participate in any negotiations with the PLO.

For years, peace negotiations in the Middle East have been deadlocked because Israel will not accept the authority of the PLO to speak for the Palestinians, and the Palestinians—acting through the PLO—refuse to accept Israel's right to exist. In recent years, the PLO has become splintered. Many world leaders doubt that PLO leader Yasir Arafat has enough power to negotiate a peace settlement that would be acceptable to all of his people. Some Palestinians already claim that Arafat does not speak for them and that they would not feel bound by any peace settlement negotiated by him.

Israeli-Occupied Territories. Another obstacle to peace is Israel's occupation of territories that it has captured from Arab countries. The Arab nations maintain that Israel's continued occupation of the Golan Heights, the Gaza Strip, and the West Bank violates international law that forbids nations from gaining territory by military force. The international community supports the Arab position and has incorporated it into the United Nations' plan for peace.

Reuters/Bettmann Newsphotos

Many nations and international organizations recognize the PLO, led by Yasir Arafat (shown here), as the official representative of the Palestinian refugees. The United States refuses to negotiate with Arafat until the PLO accepts the legitimacy of the state of Israel.

Israel's occupation of the West Bank is particularly controversial. Israeli leaders maintain that the West Bank is crucial to the defense of Israel. They say that the Israeli military cannot afford to lose control over the mountains that overlook Israeli coastal cities just a few miles away. The Israeli government maintains that it will hold onto the occupied territories until the signing of a comprehensive peace settlement that guarantees the long-term safety of Israel.

Even more controversial has been the movement by Jewish Nationalists to systematically settle the West Bank. Although Israel claims that the settlements are temporary and that the area can be evacuated, the Arab states say that the settlements are permanent and have been encouraged by the Israeli government. The Jewish settlers seem intent on building a community so large that the Israeli government will be unable to return the territory to the Arabs without creating serious political problems at home. To date, more that 40,000 Jews have settled on the West Bank.

However, not all Israelis support the move-

UPI/Bettmann Newsphotos

An Israeli soldier stands guard as Jewish settlers move onto the west bank of the Jordan River. Jewish settlement of the West Bank has caused friction between the local Arab population and the Israeli government.

ment to settle the West Bank. "Liberal" Israelis tend to agree that Israel's occupation of the West Bank is illegal and that seizing land from Arab landowners has impeded Arab-Israeli relations. Some Israelis believe that the growing discontent of Arabs on the West Bank is a time bomb, destined to explode in violence and bloodshed. They want the government to return some of the land to the Arabs immediately.

The Role of the Superpowers. The presence of the United States and the Soviet Union in the Middle East has complicated the peace process even further. Both the United States and the Soviet Union compete for allies in the region and try to undercut the influence of the other. Both nations provide a seemingly unlimited supply of military aid to nations in the Middle East. As a result, the Americans and the Soviets help sustain the Arab-Israeli conflict by resupplying nations that otherwise would have lost the ability to fight years ago.

The involvement of the United States and the Soviet Union in the Middle East is potentially dangerous. The United States is so committed to the survival of Israel—and the Soviet Union to its ally, Syria—that a miscalculation by either the Israelis or the Syrians could lead to direct military confrontation between the superpowers. For example, the superpowers confronted each other during the 1967 war, when President Lyndon Johnson ordered the U.S. Sixth Fleet to move close to Israel as a warning against Soviet intervention, and again in 1973, when President Richard Nixon placed U.S. nuclear forces on alert after the Soviets warned that they would use force to stop Israeli advances against Egypt.

However, because they give huge amounts of aid to their allies in the Middle East, the United States and the Soviet Union may be in a position to persuade the Israelis and Arabs to negotiate a peace settlement. The United States actively has tried to mediate peace settlements with some success, particularly after the 1973 war, when President Nixon negotiated the limited withdrawal of Israeli troops in the Sinai, and in 1979, when President Jimmy Carter helped arrange the Egyptian-Israeli peace treaty. But subsequent American peace initiatives have been less successful. Recently, there has been pressure for an international conference to resolve the Arab-Israeli conflict. The United States and the Soviet Union would be the major "outside" powers involved. However, the Israelis are reluctant to participate in such a conference until the Soviets restore diplomatic relations with Israel.

The Iran-Iraq War. For the last seven years, Iran and Iraq have been fighting an extremely bloody war, and a peace settlement still seems far off. Almost half a million people have been killed during the conflict.

The war began over a border dispute, but both sides view the conflict in much broader terms. Iraqi President Saddam Hussein believes that Iran's revolutionary government is fanatical and dangerous. He points out that Iran's stated foreign policy goal is to export its Islamic revolution to other countries.

Iran's leader, Ayatollah Ruhollah Khomeini, believes that all nations in the region should establish "true Islamic governments," similar to that of Iran. Many Arab leaders in the region—especially in Kuwait and Saudi Arabia—fear that an Iranian victory would allow radical Islam to spread to other nations, undermining present regimes.

The United States has remained relatively neutral throughout the Iran-Iraq War. If the United States has favored any nation, it has leaned toward Iraq. This position represents the irony of the situation. Although Iraq has attacked shipments of oil, has promoted international revolutionary movements, and is closely allied with the Soviet Union, an Iranian victory would upset the United States far more because it would free Iran to pursue the spread of its Islamic revolution.

Outlook

Eight years after the Israeli-Egyptian peace treaty, peace in the Middle East still seems far away. But a breakthrough may be coming. In 1981, President Ronald Reagan proposed a peace plan for the Middle East. Although the plan received a lukewarm response at the time, some major Arab and Israeli leaders now appear to support some of the provisions. These leaders favor the return of an Arab government to the West Bank and Gaza Strip; accept the need for a Palestinian homeland; and support the idea of guaranteed security for Israel. They also recommend a long transitional period to give people in the region an opportunity to adjust to the changes that inevitably will occur.

But there are still many problems to be overcome before any settlement is possible. Many Arabs oppose any deal whatsoever with Israel, and Palestinian groups are divided about the terms for a settlement. Some Palestinians may continue to fight Israel regardless of what others decide. In the Persian Gulf, the Iran-Iraq War threatens to continue its long, bloody stalemate, perhaps spilling into neighboring countries and sparking another kind of war in the region, one of Islamic fundamentalism.

The Debate Middle East

Should the United States Support an Independent Palestinian State?

PRO	**CON**
The Arab-Israeli conflict will never be resolved until a Palestinian state is established. The state would meet Palestinian demands to govern themselves. The United States should support the spirit of the original United Nations partition plan, which called for the establishment of two Palestinian states: one Arab and one Jewish.	Creating a Palestinian state will not solve the problems in the Middle East. Many factions of the PLO are firmly committed to the complete liberation of all Palestine. They are likely to use a Palestinian state as a staging ground for renewed terrorist attacks and an eventual all-out assault to destroy Israel.

Should the United States Insist That Israel Return the Occupied Territories?

PRO	**CON**
International law specifically forbids one nation from taking the land of another through war. Even the United Nations has demanded that Israel withdraw from the occupied territories. Yet Israel has openly supported the settlement of the occupied territories and has annexed the Golan Heights and eastern Jerusalem. Israel should begin returning the land as a gesture toward peace.	The occupied territories are Israel's only bargaining chip, and international law gives it the right to exchange land for peace. Except for Egypt, not one of Israel's neighbors has been willing to sit down and negotiate a peace settlement. Israel should hold on to its territories until the Arabs are ready to talk.

Should the United States Support Iraq in Its Fight Against Iran?

PRO	**CON**
The war, now in its seventh year, threatens to spread Islamic revolution throughout the region. The United States can help break the current stalemate by backing Iraq. An Iranian victory would only mean continued bloodshed in the Middle East and might cause upheaval in U.S. allies such as Kuwait and Saudi Arabia.	Supporting Iraq is not much better than supporting Iran. If Iraq wins, it will resume support of revolutionary movements hostile to the United States and its allies. Iraq also has been condemned internationally for using chemical weapons against Iranian troops. The United States should stay neutral.

International Trade

What would happen if the United States were to stop trading with the rest of the world? One immediate benefit might be the creation of more jobs, as U.S. industries increased production to make up for the loss of trade. However, eventually many industries would be forced to shut down. The United States could no longer make automobiles because we could not make aluminum or steel. Everything made with rubber—from toys to tires—would disappear from store shelves. Supermarkets would no longer sell coffee, bananas, or chocolate. And the United States would find itself in a crippling energy crisis with the loss of overseas oil supplies. Trade is essential to the American economy.

Americans today purchase a wide variety of foreign-made products. From cars to clothing, the demand is so great that the United States now imports more goods than it exports. Many foreign products are less expensive and considered more reliable than American-made goods. But the trade imbalance poses serious problems for American industry. If American consumers continue to buy imported goods instead of American-made products, U.S. manufacturing jobs may be lost forever to foreign competitors. How the government conducts trade with other nations—making sure that consumer demands are met while at the same time protecting American jobs—is a dilemma faced by both the Reagan administration and Congress.

Key Questions

- Do protectionist policies help or hurt a nation's economy?
- Does Japan trade fairly with the United States?
- What will be the long-term effects of the U.S. trade deficit?
- Are American products too expensive to be competitive in the world market?

Background

Trading with the World

Why Do Nations Trade? The economies of nations grow faster when they trade with other countries than they would if all goods and services were produced for just their people. For example, in the nineteenth century, Great Britain was the world's most efficient producer of textiles, and Portugal, with its ideal climate and fertile soil, produced fine wines. Each country could have provided its own citizens with both wine and textiles but at a high cost. However, by concentrating labor and resources on what they produced best and by exchanging their products, the two countries had all the wine and textiles they needed plus money left over to make or purchase other goods.

Most countries have a particular *comparative advantage*—such as location, climate, skilled labor, *capital* (money for investment), or technical superiority—that enables them to make certain products at a lower cost than other countries. Comparative advantage allows each country to profit by trading the goods it produces most efficiently for those products made more efficiently in other countries. In this way trade increases a country's standard of living.

Protectionism. *Free trade*, or trade without restrictions, does not exist in the world marketplace. Most countries erect trade barriers—such as *tariffs* and *quotas*—to protect domestic industries and jobs. Tariffs are a tax on imports, which increases the price of foreign-made products. Quotas limit the amount of imports of specific products. Ideally, trade barriers are temporary measures enacted to protect jobs in newly formed or struggling industries. By raising the price of imported goods, both tariffs and quotas encourage people to buy domestic products.

Dangers of Protectionism. Economists generally agree that trade restrictions do not increase the number of jobs in a country and save jobs only at a high cost. Moreover, trade restrictions can backfire and lead to higher prices for domestic products because domestic companies no longer need to keep their prices low to compete with imports. If domestic companies raise prices, consumers spend more money than before, leaving them with less to spend on other products. This ultimately reduces employment in other domestic industries.

Another danger of protectionism is that other nations often retaliate by establishing their own tariffs and quotas. This is dangerous because the economies of the world are interconnected just like the economies of the fifty American states are interconnected. Unless nations cooperate with each other and agree to lower trade barriers, an escalating series of retaliatory tariffs and quotas—called a *trade war*—could result. A trade war would slow the world's economies and plunge the international community into a depression.

MR. PRESIDENT
PLEASE DON'T
SEND MY JOB
OVERSEAS

Uniphoto/Bob Daemmrich

It is estimated that one out of every eight manufacturing jobs in the United States relates in some way to products sold outside of the country. The record trade deficits of recent years have cost thousands of U.S. workers their jobs.

U.S. Trade Policy

Trade Wars and the Great Depression. The last major trade war occurred in the 1930s after Congress had passed the Smoot-Hawley Tariff Act, which greatly increased tariffs on all goods imported into the United States. Other nations fought back by raising their tariffs on American goods. The tariffs increased prices for almost everything bought and sold around the world. Because people could not afford to pay the price increases, international demand for foreign-made products plummeted. People bought fewer products, and entire industries had to shut down. The trade wars of the 1930s deepened the effects of the Great Depression.

American Trade Leadership in the Postwar Era. After World War II, the United States played a leading role in expanding international trade. The United States had escaped the war's devastation, and the billions of dollars it had spent on military production had revived the U.S. economy. The United States gave technical assistance and large financial loans to the West European nations and Japan to help them replace the factories destroyed in the war.

The U.S. economy was booming, and to keep it going Europe and Japan had to rebuild. If their factories had not been rebuilt, those countries would have suffered from high unemployment and would have been unable to buy American products. (Ironically, American assistance gave those countries a future advantage over the United States because their factories are still relatively new and can produce goods more efficiently.) The United States reduced tariffs, encouraging entry of European and Japanese goods into the U.S. market.

The United States also encouraged the nations of Western Europe to coordinate their trade policies. Eventually, in 1958, they created the European Economic Community, or the Common Market. The Common Market abolished import restrictions between member countries and established some common terms for marketing their products outside of Europe.

Uniphoto/Charles Feil

Many foreign companies now compete with the United States in high-technology manufacturing by copying American designs. While much of the U.S. high technology has left the country legally, some foreign competitors have obtained U.S. high-tech secrets through espionage, bribery, and other illegal means.

In the postwar world, U.S. companies expanded international trade by marketing their goods and opening factories overseas, especially in Latin America and parts of Europe and the Middle East. Major oil refineries, auto manufacturers, and other private companies such as IBM transformed themselves into *multinational corporations*. By opening factories overseas, multinational corporations took advantage of lower labor costs in these countries and created new markets for American consumer goods by providing foreign citizens with jobs.

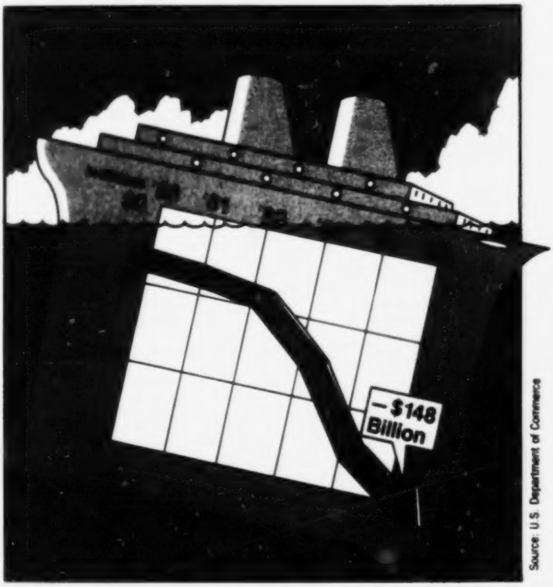
Encouraging International Trade. To encourage trade in the postwar era, forty-four Western nations met in 1944 at Bretton Woods, New Hampshire. They created a new monetary system and agreed to reduce trade barriers. Under the Bretton Woods system, exchange rates between foreign currencies were *fixed* against the value of the American dollar. The Bretton Woods system worked well at first because the U.S. economy was much stronger than the other economies of the world. But soon other countries' economies grew, and the value of the dollar declined. The decline of the dollar threw the Bretton Woods system out of balance and even threatened the health of the U.S. economy. In 1971, the Bretton Woods system was reformed into a *floating* exchange system in which the value of currencies relative to one another are free to change daily. In a floating exchange system, the value of a country's currency reflects the health of its economy.

In 1947, shortly after establishing the Bretton Woods system, the international community created the General Agreement on Tariffs and Trade (GATT) to regulate world trade. This agreement increased international trade by reducing tariffs and other barriers.

Recently, the international community has continued to reduce tariffs and other barriers. In 1973, representatives of more than 100 nations met in Tokyo, Japan, to discuss trade issues. Six years later, in 1979, the nations signed a final multilateral trade agreement in Geneva, Switzerland. The Geneva agreement limits government subsidies for domestic industries and forbids the unfair use of quality standards to restrict imports. It also discourages governments from buying exclusively from domestic companies. In addition, the pact permits a government to impose a special tariff on an import if foreign subsidies are keeping the import's price below the price of similar domestic goods.

The United States and International Trade Today. The United States imported many more goods than it exported in 1985. A record *trade deficit* of $148 billion was set in 1985—up from $123 billion in 1984.

Because the United States has never had



The United States has experienced a growing trade deficit over the past several years. The deficit has meant less profits for U.S. companies and fewer jobs for American workers.

Source: U.S. Department of Commerce

trade deficits this large, no one knows exactly what their effect will be. A few experts believe that a trade deficit signals a healthy economy because only a strong economy could afford to buy so many imported goods. But most experts believe that the huge trade deficits will harm the U.S. economy and threaten its future growth. They say that trade deficits cause the loss of hundreds of thousands of jobs in U.S. industries such as steel, automobiles, textiles, shoes, and agriculture. Many trade analysts say that American consumers are in effect sending billions of dollars to foreign companies. If domestic companies had this money, they could expand industrial production and increase technological research to ensure future economic growth.

Budget Deficit, Dollar, and Trade. Most experts believe that the huge federal budget deficit is a primary cause of the U.S. trade imbalance. A budget deficit occurs when the government spends more money on defense, social security, Medicare, and other programs than it receives in tax revenues. The budget deficit is expected to reach $203 billion in fiscal year 1986.

To finance the budget deficit, the U.S. government borrows money from private banks. This borrowing decreases the amount of money available for small, individual loans such as loans to finance a car, house, or college tuition. This shortage of "loanable" money drives up U.S. *interest rates*, that is, the amount of money people have to pay to borrow money.

Foreign investors like to invest their money in countries with high interest rates. They loan their money to U.S. banks because they earn a good return on their money. But to do this, they must first convert their currency into American dollars. Foreign demand for American dollars is now high. The higher the demand, the more foreign investors are willing to pay in their own currency for dollars. And because investors are paying more for each dollar, the value of the dollar increases.

The high value of the dollar in turn drives up the price of American products sold abroad. Foreign consumers react to these high prices by buying fewer American-made goods. For example, if a pair of American-made blue jeans cost 20 francs in the 1970s, a French teenager might buy two pairs. But if the same pair of jeans goes up to 40 francs, the teenager may only be able to afford one pair. Sales of U.S. blue jeans then drop, and American jean companies earn less money on their exports and have to lay off workers. This same process is repeated hundreds of times over in other industries.

The high value of the dollar has reduced the cost of imported goods in the United States. American consumers have taken advantage of these low prices by buying fewer American goods and more foreign goods. This has led to declining domestic profits and employment. American money leaves the country and is not used for investment in the United States. To protect themselves, some U.S. companies encourage consumers to "buy American" to help save jobs in their industries.

American Productivity. Many trade analysts believe that reducing the value of the dollar—either by cutting the federal budget or by manipulating the value of the dollar—will not end U.S. trade problems. They point out that the United States was losing its share of the world market before the dollar rose in value. They also point out that U.S. industries have cut funds for research and have resisted investing in newer, more efficient factories and equipment. Over the last twenty-five years, American *productivity* (the amount of goods produced per man-hour) has only been a fifth of Japan's and a third of France's and West Germany's. Many experts suggest that the federal government should encourage new technology and research by offering corporate tax incentives and that industries should improve their workers' skills with new job training programs.

U.S.-Japanese Trade

According to the Japanese Ministry of Trade, Japan's leading exports to the United States from 1980-85 were:

1. passenger cars
2. tape recorders
3. office equipment

During the same period, the leading exports of the United States to Japan were:

1. corn
2. soybeans
3. coal

Current Issues

The U.S. Budget Deficit. At the 1985 economic summit meeting of the major industrial powers, West European leaders urged the United States to reduce its budget deficit in order to lower interest rates. They say that reducing the $203-billion budget deficit is the best way to reduce interest rates and, consequently, bring down the value of the dollar. A lower-priced dollar is essential for those European countries who must use American dollars to buy oil on the world market. (Sellers of oil and other highly traded products prefer payment in dollars.) The European leaders are also concerned that the high interest rates are causing foreign businesses to invest too much money in the U.S. economy. They say that this money should be invested in Europe to spark economic growth and ease unemployment there.

President Ronald Reagan would like to reduce the budget deficit but so far has been unable to do so. One approach would be to raise taxes. The president disagrees with such a plan because he believes it would stall U.S. economic growth. Another approach would be to reduce government spending drastically. President Reagan has attempted to do this over the years, but without much success. Members of Congress—who must approve every federal budget item—have disagreed with the president over what should be cut. In the meantime, the Reagan administration has encouraged the West Europeans to take steps to fuel their economic growth. President Reagan says that Europe should cut government spending and reduce taxes to stimulate domestic consumption and economic investment.

Manipulation of International Currencies. The high value of the dollar has destabilized international trade. To correct this situation, the United States and other major industrial countries intervened in the international currency markets to reduce the value of the dollar. In the fall of 1985, these countries acted together to keep their currency's value within a targeted price zone. Since this policy began, the value of the dollar has dropped about 20 to 25 percent.

Advocates of intervention say that stable currency values ease trade deficit problems and facilitate economic growth around the world. With currency rates stabilized, imported and exported goods cost about the same and trade deficits eventually disappear. Critics of intervention say that currency rates should not be set arbitrarily but should be regulated by the free market. They say that government interference in the currency rates only masks the problems of inefficient economies and does not encourage investment or increased productivity.

Source: Crafted with Pride in U.S.A. Council, Inc.

CRAFTED
WITH PRIDE
IN U.S.A.

The Crafted with Pride label stands for American-made textile and apparel products backed by the reputation of U.S. manufacturers and retailers.

This is an example of one of the marketing efforts of the U.S. soft goods (fiber, textile, apparel, and home fashions) industries to heighten awareness of the importance of purchasing U.S.A.-made soft goods products.

Rise of Protectionism. Although the United States has experienced strong economic growth since 1983, the rest of the world has suffered from a prolonged recession. Many large foreign-owned corporations and entire governments still face severe financial problems. To keep out foreign competitors, the West Europeans have increased their export subsidies and erected trade barriers. The poor nations of the Third World have attempted to solve their financial problems by raising trade barriers on goods produced by industrialized nations, particularly the United States.

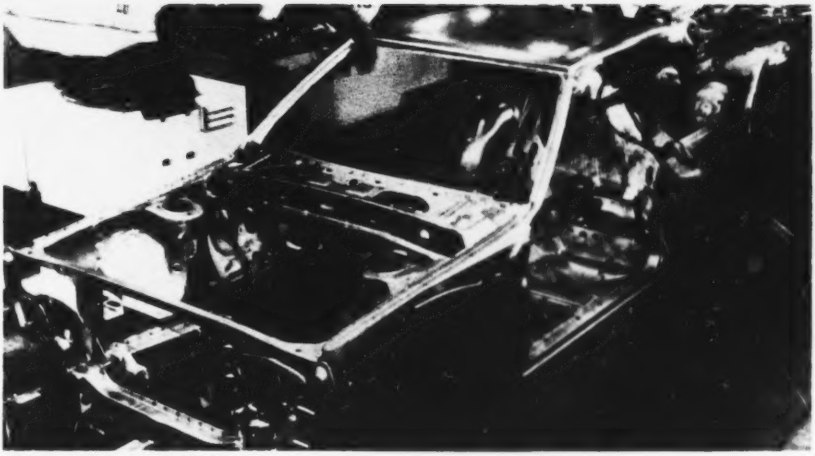
In response, several American industries—particularly the steel, textile, and auto industries—have asked Congress to increase their subsidies and impose tariffs and quotas to protect them from overseas competitors. These industries say that, without protection, they will have to reduce production and lay off workers. They insist that these trade barriers are temporary measures, necessary only until other nations begin trading fairly. Without protection, jobs will be lost forever as foreign products replace domestic goods and force U.S. companies out of business. Advocates of tariffs and quotas say that the United States has been a victim of its own free-trade policies. They say that other nations exploit the U.S. marketplace at the expense of domestic industries.

Critics of trade barriers—including the Reagan administration—call this legislation "destructionism," not protectionism, and warn that U.S. trade restrictions could backfire. West European nations would retaliate against American barriers by buying fewer American-made products and erecting even more trade barriers of their own. Trade barriers would also lock the Third World out of the American market. Third World nations depend on the sale of products to the United States so that they can earn enough money to import manufactured goods and pay off their debts. Without the trade income needed to pay what they owe to the United States, some Third World nations might have to default on their loans.

Trade With Japan. In 1985, Japan enjoyed a $49.7-billion trade advantage with the United States—almost one-third of the total U.S. trade deficit. Many trade experts believe that much of the deficit arises because the Japanese do not trade fairly. They impose unfair trade barriers on many foreign products to prevent them from penetrating the Japanese market. In fact, the Japanese government forces many imported goods to undergo expensive inspections before they can be sold. As a result, the Japanese market is virtually closed to imported beef, citrus fruits, tobacco products, leather, aluminum, and paper products, and to service industries such as communications. Japanese manufacturers point out that another problem is that the government pressures their companies to buy Japanese products, even if imported ones are cheaper. As a result of so many barriers, foreign companies find it difficult to compete in the Japanese marketplace. For example, Third World countries are able to sell only 8 percent

American dockworkers unload Japanese cars. In the early 1980s, the United States limited the number of Japanese cars that could be imported into this country to help American car manufacturers recover from lagging sales.

Nissan Motor Corporation



Through the use of high technology—such as robot welding machines at this Japanese automobile plant—Japan produces 20 percent more goods per hour than the United States. American companies are beginning to employ high technology to compete with the Japanese.

of their manufactured goods to Japan—compared to 58 percent to the United States and 28 percent to Western Europe.

The Reagan administration has lobbied the Japanese government to lower its barriers and increase the number of U.S. goods allowed into the country—especially computers, timber products, communications equipment, drugs, and medical equipment. President Reagan has said that if the Japanese do not open markets to U.S. goods and services, Congress probably will retaliate by erecting trade barriers against Japanese products.

Proponents of tariffs and quotas say they will force the Japanese to open up their domestic market to American products. They say that the U.S.-Japanese trade deficit could be reduced by as much as $10 billion—money needed by American companies to expand research into new technologies.

Opponents of trade barriers say that this approach will not solve the U.S.-Japanese trade problems because it does not address the underlying causes—the federal deficit and the high rate of Japanese productivity. Critics also say that American consumers will be the ultimate losers because they will have to pay more for electronic equipment and automobiles.

For these reasons, Congress passed a resolution in 1985 criticizing Japan as an unfair trade partner. Japanese Prime Minister Yasuhiro Nakasone responded by asking the Japanese to buy more American-made goods. But U.S. pressure has created a backlash among Japanese leaders who say that Japan has fewer formal trade restrictions than do other industrialized countries. They say that American penetration of the Japanese market has been limited by cultural differences and by a lack of understanding on the part of Americans about the ways in which Japanese society and industry operate. The Japanese say that the United States is discriminating against them and that the United States is the one posing a threat to free trade.

Loss of High Technology. High technology has been the strongest competitive advantage of the United States in international trade. Every year, American corporations invest billions of dollars in the research and development of silicon chips and software for computers and other devices such as industrial robots and word processors. However, the United States is losing its technological edge because foreign companies are developing comparable equipment.

Much of the technology has left the country legally. For example, the Department of Defense permitted Mitsubishi Heavy Industries of Japan to buy manufacturing plans for the F-15 fighter plane so that it could build the fighter for the Japanese air force. The Japanese are using that same technology to produce new commercial jets that will soon compete with American aircraft. Critics say that such sales threaten the competitive future of the United States.

Some experts believe that the United States must restrict its technological exports to protect its secrets from foreign competitors. But many analysts say that this is self-defeating because the goal of foreign trade is to sell products and make money, not restrict them. They call for stronger enforcement of anti-pirating laws and retaliatory actions against those who copy American technology.

Some foreign competitors—such as France, Israel, the Soviet Union, China, and Japan—have tried to use less than legal means for getting the technology. One way is to simply buy U.S. goods—such as computers- -and examine them to gain new technological information. By merely buying silicon chips and photographing them or buying a computer and electronically recording its software, foreign computer companies can cheaply reproduce the technology that American companies spent millions of dollars to develop. Espionage is also common. FBI agents have caught Japanese and Soviet industrial spies trying to steal top-level computer secrets.

Outlook

Huge trade deficits have led many Americans to believe that the United States has been hurt by supporting free trade and that other nations do not play by the rules. As the rate of economic growth has slowed, U.S. industries have increased pressure on Congress to enact protectionist measures against foreign competitors. The danger is that other nations will retaliate by increasing their own protectionist laws. President Reagan is continuing to exert pressure on the Japanese to open up their markets to American goods. He is also proposing that the industrialized nations of the world meet in a special conference to resolve their trade problems.

The Debate International Trade

Should the United States Raise Trade Barriers to Protect American Jobs?

PRO

Americans are losing jobs because foreign governments, especially the Japanese, are subsidizing their countries' exports or erecting trade barriers to keep out American products. Quotas, tariffs, and other trade barriers are the only tools the United States has to equalize the competition.

CON

Trade barriers raise consumer prices and actually reduce the number of domestic jobs over the long run. Other countries would retaliate against American tariffs and quotas, and U.S. trade would be hurt even further. The United States should promote free-market principles rather than pursue shortsighted, retaliatory trade policies.

Should the United States Pressure Japan to Buy American Goods?

PRO

The Japanese have saturated the American market with their products, but most American goods are not allowed into Japan because of strict trade barriers. Moreover, those products that do make it into Japan cannot be advertised, which further restricts sales. Nearly one-third of the U.S. trade deficit can be blamed on these kinds of unfair trade practices. Only when the Japanese market is open to American goods will our trade deficit begin to decrease.

CON

The U.S. government cannot force Japanese consumers to buy products they do not want. Instead of looking to Congress for help, American companies should concentrate their efforts on producing products that can compete with foreign-made goods. Only when cars, stereos, and television sets "made in the U.S.A." are better than products "made in Japan," will Japanese consumers buy American.

Should the United States Intervene in Currency Markets to Reduce the Value of the Dollar?

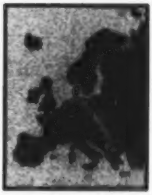
PRO

The high value of the dollar has led to a massive U.S. trade deficit, and the government must act to reduce its value. One way is to cut the federal budget deficit, but this would take far too long. The United States should increase the supply of dollars in the world to drive the dollar's value down.

CON

Intervention in the currency market would lead to a rise in domestic inflation and threaten U.S. economic growth. The best approach is to reduce demand for the dollar by cutting the U.S. budget deficit and lowering interest rates. This will reduce the price of U.S. exports and encourage others to buy American goods.

Western Europe



After six years of war, the Western allies and the Soviet Union finally defeated Nazi Germany in 1945. Although the alliance with the Soviets would soon disintegrate and Europe would split into East and West, the end of World War II offered hope. And for the next forty years in Europe, there were no more wars, no more bombs, and no more death camps.

The alliance between the United States and Western Europe has maintained the postwar peace, and despite many conflicts, the Western alliance has remained surprisingly strong. Today, however, controversies over defense and economic policies strain relations. Many foreign affairs experts interpret these differences as signs that the alliance between the United States and Western Europe is falling apart. Although this is not the first time such predictions have been made, they suggest that the United States should reexamine its relations with its European allies.

Key Questions

- How does the American economy affect the economies of Western Europe?
- Should the United States remove its troops from Western Europe?
- Should the United States and the countries of Western Europe have the same foreign policy goals?
- Why is Western Europe important to the United States?

Background

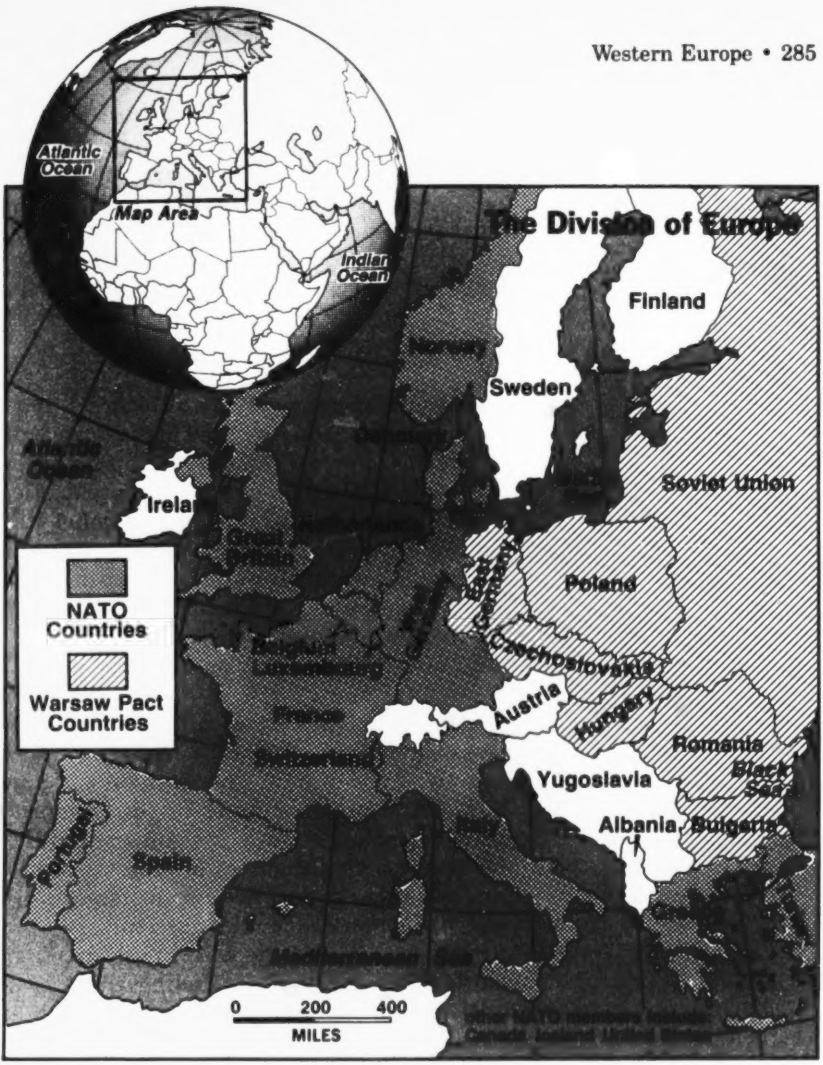
The Basis of the Western Alliance

Postwar Reconstruction. World War II left most of Europe physically devastated, its economies in ruins and its people in despair. The Marshall Plan (1947-53) sent billions of dollars in American aid, investment, and trade to rebuild Western Europe. American leaders believed that European economic strength would prevent a rebirth of fascism or a communist insurgence and that European military strength would keep the Soviets from our doorstep. As the United States helped Western Europe, a strong alliance based on shared cultural heritage and economic and security interests was forged.

"The Iron Curtain"
British Prime Minister Winston Churchill is credited with coining the term "iron curtain" in a speech given in 1946 at Fulton, Missouri. Churchill said that "from Stettin in the Baltic to Trieste in the Adriatic an iron curtain has descended across the Continent."

NATO. The bedrock of the Western alliance is the North Atlantic Treaty Organization (NATO), which is primarily a military alliance of nations. Established in 1949, NATO is a joint effort to prevent an armed communist attack in Europe. All member countries contribute to NATO's budget, and many provide troops for NATO's forces, but the commander of these forces has always been an American. Sixteen nations are members of NATO—Belgium, Canada, Denmark, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, the United States, and West Germany. In 1955, the Soviet Union and its East European allies—Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania—formed a counterpart to NATO called the Warsaw Pact.

The Common Market. In 1957 the nations of Western Europe formed the European Economic Community (EEC), also known as the Common Market, to promote cooperation among their economies. In some ways, the


Atlantic Ocean
Map Area
Indian Ocean
The Division of Europe
Finland
Norway
Sweden
Denmark
Soviet Union
Atlantic Ocean
Ireland
Great Britain
Netherlands
East Germany
Poland
West Germany
Belgium
Luxembourg
Czechoslovakia
France
Austria
Hungary
Switzerland
Romania
Black Sea
Yugoslavia
Albania
Bulgaria
Portugal
Spain
Italy
Greece
Mediterranean Sea
NATO Countries
Warsaw Pact Countries
0
200
400
MILES
Other NATO members include: Canada, Iceland, United States

twelve members of the EEC (Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, and West Germany) operate almost as though they were one country. Goods and services travel between the countries with little or no *tariffs*—taxes on imports that inhibit trade. Member countries try to plan their economies to complement each other and work together to strengthen European competition in the world market by establishing uniform trade rules and policies. Although disputes often arise concerning joint economic policy, many say the Common Market has done more to ensure peace in Western Europe than has any other peace treaty or security pact. Many people also believe that the Common Market helped create the economic boom that Western Europe enjoyed during the 1950s and 1960s.

Detente. In the early 1970s, Western Europe and the United States entered into *detente* with the Soviet Union and its East European allies. (*Detente* is a French word meaning relaxation of tensions.) Detente reflected the belief that minimizing conflict and maximizing cooperation would benefit all countries involved. But in recent years, the United States abandoned detente and pressured Western Europe not to trade with the Eastern bloc.

Economic Crisis in the Alliance. In 1973, the economic prosperity of the Western alliance came to a sudden halt. The Arab oil embargo and the first price increases by the Organization of Petroleum Exporting Countries (OPEC) played havoc on economies around the world. Because of their dependence on foreign oil, West European economies particularly were hurt by the fourfold increase in oil prices. In addition, other factors, including trade competition from industrial "newcomers" such as Brazil, Hong Kong, Malaysia, and Taiwan, also contributed to high inflation and repeated recessions. The price of oil jumped again in 1979, and the Western alliance suffered its worst recession since the 1930s.

The Gas Pipeline. In an attempt to reduce their dependency on energy from the Middle East, Great Britain, France, Italy, and West Germany agreed to help the Soviets build a pipeline to carry natural gas from the Soviet Union to Western Europe. President Ronald Reagan disapproved of the pipeline. In 1982, he imposed sanctions on U.S. companies and their foreign subsidiaries that were selling equipment for the project. The sanctions enraged European leaders. They claimed that the United States had overstepped its territorial authority and was trying to coerce them into cancelling their equipment sales. They said that the Soviet gas pipeline would only supply 6 percent of their total energy needs—hardly enough to justify U.S. concerns over Soviet economic blackmail. Faced with such strong opposition, Reagan cancelled the sanctions.

The International Effects of American Economic Policies. The Europeans often describe their relationship to the U.S. economy by saying, "When the United States has a cold, Western Europe gets pneumonia." West Europeans closely follow news about the strength of the dollar, U.S. budget and trade deficits, and the outlook for the U.S. economy. They understand—and sometimes resent—that their economic well-being is so closely tied to that of another nation.

In the late 1970s and early 1980s, a priority of both the Carter and Reagan administrations was to reduce inflation. Both administrations emphasized a *tight monetary policy*, which limited the amount of money available for private loans. This policy, coupled with huge budget deficits, caused interest rates to rise in the United States. High American interest rates encouraged European investors to place their money, or *capital*, in U.S. banks and businesses. This drained Western Europe of the money it needed for economic investment and prolonged its recession.

The U.S. economic boom and its high interest rates also increased the value of the dollar overseas. The Europeans must pay for their oil imports with dollars. Consequently, as the value of the dollar rose, so did the price of imported oil. European leaders urged President Reagan to reduce U.S. budget deficits to bring down interest rates and the value of the dollar. But the president found it extremely difficult to cut U.S. government spending.

Unemployment in the European Community

In the early 1980s, Western Europe suffered from a deep recession. In some countries, unemployment climbed over 15 percent. Many economists believe that the U.S. recession of 1981-82 contributed heavily to the Europeans' economic problems.

Belgium	13.3%*
Denmark	10.1
France	9.3
Great Britain	11.7
Greece	8.1
Ireland	16.0
Italy	10.4
Luxembourg	1.4
Netherlands	15.6
West Germany	8.3
Portugal	10.5
Spain	20.6
Average	11.3
United States	7.4

*Figures for 1984

However, West European economies recently have shown signs of recovery: Inflation is generally down, unemployment is sinking, and production is increasing. Much of the improvement has occurred because the Europeans are exporting more goods to the United States. The increase in trade accounted for half of Western Europe's economic growth in 1984. In 1985, exports continued to push economic expansion as European companies such as Benetton, Swatch Watch, and Laura Ashley gained a foothold in the American market.

The Missile Debate. NATO relies on nuclear weapons in Europe to deter an attack by the Warsaw Pact's large conventional forces. At the request of NATO leaders, the United States began modernizing its nuclear forces in Europe in 1983—deploying Pershing II intermediate-range nuclear missiles and ground-launched cruise missiles. Both types of missiles can reach targets within the Soviet Union.

After the deployment was announced in 1982, European peace activists staged massive protests. The protesters argued that the American missiles would increase the chances of nuclear war in Western Europe. The Soviets tried to further public opinion against the Pershing II missiles by threatening to withdraw from the arms control talks then taking place in Geneva unless the deployment was cancelled.

The Soviet attempt to weaken NATO's solidarity failed. Except for Denmark and the Netherlands—who delayed final deployment decisions—the West European governments were in favor of the Pershing II missiles. The missiles represented a strong U.S. commitment to the defense of Europe. Although the Soviets withdrew from the Geneva talks in 1983, the Pershing II missiles were deployed, and in 1985, the Soviets returned to the arms control negotiations. Many people believed that the 1983 walkout lost support for the Soviets among West Europeans and that this loss of credibility helped draw the Soviets back to arms negotiations.

A Wall to Keep People In

In the summer of 1961, the number of people moving from East to West Berlin increased dramatically. On August 12, the Soviet Union sealed off East Berlin and began constructing a wall to prevent emigration to the West. Today the Berlin wall—with its barbed wire, land mines, and armed guards—remains a symbol of the conflict between the free and communist worlds.

Current Issues

The Threat of Protectionism. The United States is suffering from a high *trade deficit* with the Europeans. In 1985, the United States imported more European goods than it exported to Western Europe, creating a deficit of $27 billion. Many American workers in agriculture, steel, and telecommunications say that the Europeans have installed trade barriers to protect their industries from U.S. imports. These workers want Congress to implement trade barriers (such as export subsidies and tariffs) to reduce European imports and protect their jobs.

One issue in particular concerns agricultural exports. Over the last decade, the American share of the world agricultural market has dropped from 61 percent to 35 percent. American farmers blame much of the drop on the Europeans, who sell agricultural products on the world market at prices below those of American exports. American farmers are pressuring Congress to pass legislation that would reduce American agricultural prices on the world market.

European farmers believe that such actions by the U.S. Congress would cut into their share of the world market. The Europeans believe that American farmers have criticized them unfairly because the European share of the market has remained constant over the years. Moreover, the Europeans promise to retaliate against American trade actions. Many experts fear that an increase in protectionism will result in a "trade war"—similar to that which devastated the world economy during the Great Depression of the 1930s.

Trade With the Eastern Bloc. The West Europeans, led by West Germany, are pushing for increased trade with the Soviet Union and its allies. They believe that trading with the Eastern bloc will help ease East-West tensions and

V-553 839
Feldjager

U.S. Army

American soldiers in Leuth, West Germany. The United States stations thousands of soldiers in NATO countries to deter the Soviet Union from invading Western Europe.

increase cooperation on issues such as arms control.

The United States has pressed its allies to cut their trade with the Soviet Union, fearing that increased East-West trade could make them vulnerable to Soviet influence. The Reagan administration also fears that the Soviets will use Western computers and other high-technology equipment to construct advanced military weapons. President Reagan has accused the West Europeans of being more concerned with short-term profits than with long-term security.

The Europeans point out that they have agreed not to sell sensitive technology and information to the Soviets and that they resent U.S. pressure to limit East-West trade. They say that the United States is profiting from its grain sales to the Soviets—which are unrestricted—and that the goods they sell to the

Soviets can be obtained easily elsewhere and are not of military value. The Europeans point to the 1982 gas pipeline controversy as an example of how the United States often considers its own interests first without regard to European interests. However, the 1986 Soviet nuclear reactor accident at Chernobyl may strain relations between Europe and the Soviet Union. The accident released large amounts of deadly radiation into the atmosphere. Because the Soviets did not warn the Europeans and withheld important details about the tragedy, Europeans may be wary of increasing their ties with the Soviet Union.

American Military Presence in Europe. For more than three decades, much of American military strategy has centered on the defense of Europe. The United States currently has nearly 300,000 men and women stationed in Western Europe, more than two-thirds of whom are front-line ground troops. Some Americans argue that the United States should withdraw its troops from Western Europe. They claim that NATO's European members do not contribute an appropriate share of the defense, but that they would be forced to if American troops withdrew.

The West Europeans say that the United States ignores their substantial contributions to the defense alliance—Western Europe provides most of the ground forces, combat planes, armored divisions, and fighting ships within the NATO alliance. The West Europeans claim that they are spending more to improve NATO's military bases and increase ammunition supplies, but that they are limited by their economic problems.

Another argument for pulling out American troops is that Europe does not need so many American troops for its defense, especially since the continent has been peaceful since the end of World War II. Also, some argue that stationing American troops in Europe strains the U.S. economy, pumping billions of dollars out of the country and into the European economies.

The Reagan administration, as well as previous administrations, has argued that American troops in Europe are essential to deter Soviet aggression and to demonstrate American commitment to its Western allies. Strong economic and cultural ties make Western Europe far more important to U.S. military policy than any other nation or region, say American policy makers. Withdrawal might send a signal to both the Soviets and to our allies that the United States would not fight if Europe were attacked. And Defense Secretary Caspar Weinberger has said that any savings resulting from a withdrawal would be more than offset by the high costs of airlifting American troops and equipment back to Europe in a crisis.

Strategic Defense Initiative. In 1983, the United States began research on a nuclear defense system called the Strategic Defense Initiative (SDI), or "Star Wars." Once completed, the system will shoot down nuclear missiles before they reach their targets. The United States has tried to gain European support for SDI, saying that it could protect Western Europe from nuclear attack. But some Europeans doubt that SDI will protect them or reduce the chances of nuclear war. Moreover, they fear that if the United States has its own "defensive shell," it will no longer consider Western Europe to be an important military ally. As a result, only a few European governments support even preliminary research into the project.

Differences in Foreign Policy. The United States and its West European allies do not agree on many foreign policy issues. Many times, the United States looks to its allies for support during international crises. For example, in 1986 the United States bombed Libya in retaliation for terrorist attacks. But some European leaders refused to let American planes fly over their territory, forcing the bombers to detour over the Atlantic Ocean. The United States and Western Europe also disagree on the best way to handle international terrorism, po-

Reuters/Bettmann Newsphotos

President Ronald Reagan with Western leaders at the 1985 economic summit in Bonn, West Germany. American and West European leaders confer regularly to coordinate their economic and military policies.

litical change in Third World countries, and the conflict in the Middle East.

The West Europeans are reluctant to follow the American lead in fighting international terrorism. President Reagan would like to take diplomatic, economic, and sometimes military actions against those countries that he believes support terrorism—such as Libya and Syria. West European leaders say that while these countries may be supporting terrorist groups, U.S. actions will not prevent future attacks.

The West Europeans believe that political change is inevitable in Third World countries and consequently, tend to have more sympathy for revolutionary groups than does the United States. Europeans are more willing to see these groups as nationalists, seeking justice or independence, than as pro-Soviet puppets. For example, the West Europeans believe that the United States is overreacting to the threat of communist takeover in Central America. They argue that U.S. policies may actually be pushing some governments—especially the Nicaraguans—into the Soviet bloc.

The United States and Western Europe also disagree over the Arab-Israeli conflict in the

Middle East. For example, Europeans claim that they take a more balanced approach toward the problems in the Middle East, unlike the pro-Israeli stance of the United States. These differences in policy could be largely due to Western Europe's dependence on Arab oil and its past colonial ties to the area.

Outlook

As in any friendship, strains will continue to appear and threaten to weaken the Western alliance. Today, the most divisive issues between the United States and Western Europe are economic. U.S. policymakers are looking for ways to reduce our country's trade deficit. At the same time, European leaders are trying to restrict foreign competition, which could lead them to enact tariffs, quotas, and other protectionist measures. In addition, problems could arise if the United States decides to withdraw some of its troops from Europe or if the United States were to develop the Strategic Defense Initiative. Differences in foreign policy may also cause short-lived mistrust or frustration. But these problems may be no more threatening than other "crises" that have occurred since World War II. The basis of the alliance—the need to counterbalance the Soviet presence in Eastern Europe—remains strong. As long as the Soviet threat exists, the Western alliance will probably outlast those who predict its collapse.

The Debate Western Europe

Does European Trade With the Soviets Help to Ensure Peace?

PRO

East-West trade is good for Europe. It not only helps European economies but also makes the Soviets interdependent with Western Europe. A long-term, close business relationship between the Soviets and Western Europe will ease East-West tensions and increase cooperation on issues such as arms control.

CON

Trading with the communists is dangerous. The Soviets have been purchasing advanced Western European computers and other technology to strengthen their military program. Projects such as the gas pipeline are especially dangerous, since they give the Soviets billions of dollars to finance their arms programs and make Western Europe dependent on Soviet products.

Should the United States Retaliate Against Restrictive European Trade Practices?

PRO

The United States cannot sit idle while the European Economic Community erects unfair trade barriers. The United States must retaliate to save its own jobs and industries. If Western Europe tries to keep American exports out, the United States should apply the same type of restrictions to European exports.

CON

Although showing signs of growth, the economies of Western Europe are still beset with problems. Western Europe has to protect jobs by limiting imports and subsidizing industry. To retaliate would only start a trade war that would hurt everyone eventually. Widespread protectionism stifles long-term economic growth.

Should the United States Reduce the Number of Troops Stationed in Western Europe?

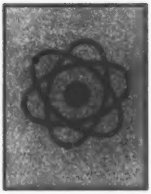
PRO

Some 300,000 U.S. troops are stationed in Western Europe at great expense to American taxpayers and at great advantage to European businesses. Nevertheless, the United States is taken for granted. Demonstrators protest our policies, and Western European governments have refused to increase their defense budgets significantly. Bringing U.S. troops home would save the United States billions of dollars and force the Europeans to pay for their own defense.

CON

A withdrawal of even a few American troops from Europe could greatly harm American interests. The Soviets might interpret a withdrawal as a sign that the United States might not fight to defend Europe from invasion. The Europeans might get that idea, too, and yield to Soviet demands, weakening Western security. Furthermore, the cost of airlifting American troops back to fight during a crisis would be much greater than keeping them there.

Nuclear Proliferation



The mission was called Operation Babylon. Camouflaged in desert browns and yellows, fourteen Israeli planes streaked toward Iraq on June 8, 1981. When they reached their target—a nuclear reactor—the planes made one pass and dropped their 2,000-pound bombs. In less than three minutes, the reactor was destroyed.

The Israeli government said that Iraq planned to build a nuclear bomb from materials processed in the reactor. The Israelis feared that Iraq someday would use the bomb against them.

Despite Israeli claims that the raid was an act of self-defense, the raid shocked the rest of the world. Israel had no right to attack Iraq, the critics said. They argued that there was little chance that Iraq could make nuclear weapons. French supervisors at the reactor would detect any work on a nuclear bomb and shut down the facility.

The 1981 Israeli attack focused world attention on the spread, or *proliferation*, of nuclear weapons. Today, other nations besides Iraq seek nuclear weapons and are buying the technology to make them. Nuclear weapons seem ready to spread to small industrialized nations and unstable, war-torn countries. Unless nuclear proliferation is brought under control, the devastation of nuclear war may become a frightening reality.

Key Questions

- Why do nations want nuclear weapons?
- What would happen if a terrorist group obtained a nuclear bomb?
- Does the arms race between the United States and the Soviet Union contribute to nuclear proliferation?
- What is the best way to stop the spread of nuclear weapons?

Background

The Spread of Nuclear Weapons

The Atomic Bomb and the United States. In August 1945, the United States dropped two atomic (nuclear) bombs on Japan. These bombs leveled the cities of Hiroshima and Nagasaki and killed more than 140,000 people, thus bringing World War II to an end.

The dropping of the bombs demonstrated to the world the awesome power of nuclear technology. Soon after the war, the United States proposed that all nuclear activities and materials be placed under international ownership and that all nuclear weapons be destroyed. The Soviet Union vetoed this proposal at the United Nations. The Soviet Union feared that the United States would always have a military advantage if the Soviets gave up their plans for building a nuclear device.

Facing page:
Despite international safeguards, a non-nuclear nation may be able to secretly obtain plutonium, which is essential to the building of nuclear weapons:

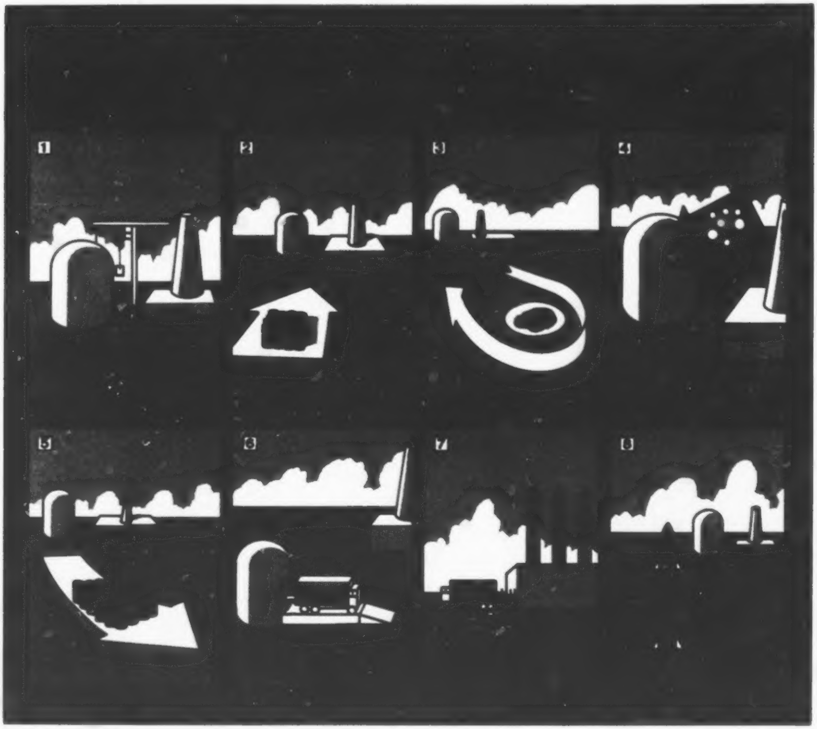
1 With foreign help, nation builds nuclear reactor to produce electricity or conduct research;

2 Under international supervision, nation buys enriched fuel to run reactor;

3 Nation then secretly buys unsafeguarded "yellowcake" (crushed uranium ore) and converts it into pellets of uranium metal;

Other Nations Join the Nuclear Club. In the 1940s, the United States believed that it would take another ten to twenty years before other nations could develop nuclear arms. But the hopes of a nuclear monopoly were shattered when the Soviet Union exploded its first nuclear device in 1949 and Great Britain followed suit in 1952. Faced with the possibility of nuclear weapons technology spreading throughout the world, the United States proposed the "Atoms for Peace" program. Sponsored through the United Nations, this program promoted the peaceful uses of nuclear technology, such as energy production and medical research. Nations participating in the program were forbidden from using the technology to make nuclear weapons.

International Atomic Energy Agency. As part of the "Atoms for Peace" program, the United Nations created the International Atomic Energy Agency (IAEA). This adminis-



trative agency inspects nuclear facilities to make sure no one misuses nuclear technology or diverts fuel to make bombs. Although the IAEA has no enforcement powers, it serves as a watchdog to assure that members of the international community live up to the agreement.

New Club Members. In the early 1960s, both France and China detonated atomic bombs, thus joining the nuclear weapons "club." The original three nuclear powers worried that other countries would develop the bomb and create international instability. Many nonnuclear countries resented this attitude, pointing out that they would be just as judicious in their use of nuclear weapons as would "club" members. They also said that the real nuclear problem was the growing number of missiles and bombs of the superpowers.

4 *Pellets are secretly placed in nuclear reactor. Reactor bombards pellets with radiation, converting some uranium pellets into plutonium;*

5 *When original fuel is "burned up," it is removed from reactor under international supervision;*

6 *Pellets are secretly removed from reactor and taken to unwatched "hot cell" where plutonium is chemically extracted from pellets;*

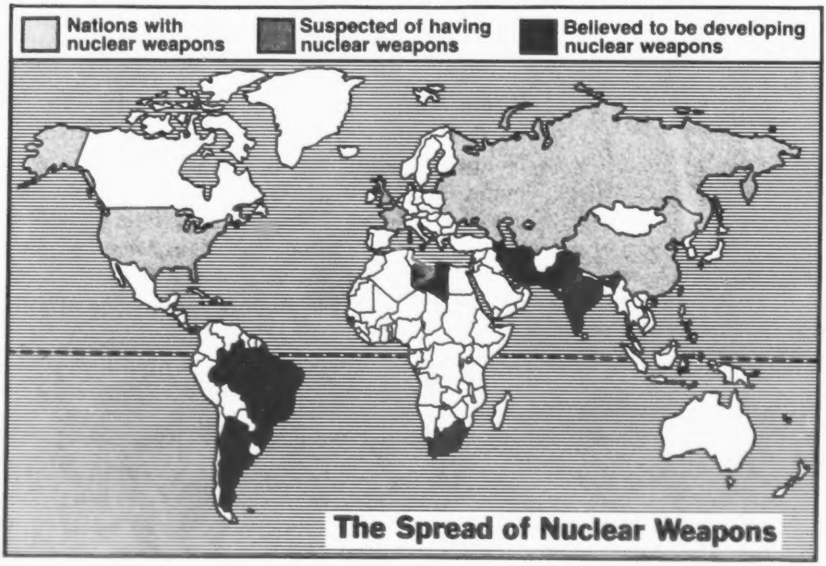
7 *Extracted plutonium is sent to a "bomb factory" and placed in pre-constructed weapon;*

8 *Nuclear weapon.*

Treaty of Tlatelolco (1967). The United States and most of the nations of Latin America negotiated one of the first major nonproliferation agreements, the Treaty of Tlatelolco, in 1967. Their goal was to make Latin America a "nuclear-free zone." Individual Latin American countries agreed not to manufacture, test, or acquire nuclear weapons. They invited the countries with nuclear weapons to sign agreements promising not to deploy such weapons in Latin America or on the surrounding waters. Cuba and Argentina have not ratified the treaty officially, and Chile and Brazil are not abiding by the treaty because of the holdouts.

Nuclear Nonproliferation Treaty (1968). After many years of debate and negotiations, the General Assembly of the United Nations approved a treaty intended to: (1) halt the spread of nuclear weapons; and (2) promote peaceful uses of nuclear power. The treaty permitted all nonnuclear *signatories* (signers) access to peaceful nuclear technology from participating nuclear powers. The nonnuclear countries had to promise not to use the technology to make weapons and to let the IAEA inspect their nuclear power facilities to verify that this promise was being kept. The United States, the Soviet Union, and Great Britain—the only "club" members to sign the treaty—agreed not to help others build nuclear bombs. The United States and the Soviet Union also promised to negotiate "in good faith" to end the arms race. Critics of the treaty say that it offered too much access to nuclear technology and materials in return for too weak a promise not to make weapons. They also point out that, although more than 125 nations have signed the treaty, key countries such as China, France, Israel, South Africa, India, Pakistan, Argentina, and Brazil have not.

The Nuclear Club's Newest Member. In 1974, India exploded a nuclear device for what it called "peaceful purposes." This explosion united the industrialized world on the need to


Nations with nuclear weapons
Suspected of having nuclear weapons
Believed to be developing nuclear weapons

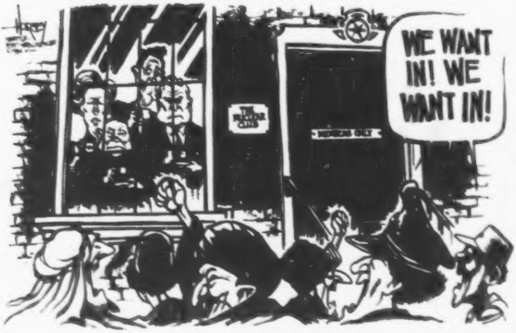
The Spread of Nuclear Weapons

Source: Carnegie Endowment for International Peace

adopt stronger measures to stop nuclear proliferation. In 1975, fifteen countries that supplied nuclear technology met in London to discuss export controls. Three years later, the group released "supplier guidelines" that required customers to promise not to make nuclear explosives, to keep all nuclear materials under guard, and to abide by IAEA safeguards on all new nuclear technology and materials. The United States and the Soviet Union proposed even stronger guidelines—including IAEA inspection of all nuclear facilities and materials, no matter when they were obtained—but this proposal was not approved.

U.S. Nuclear Nonproliferation Act (1978). In 1978, Congress voted almost unanimously to support President Jimmy Carter's Nuclear Nonproliferation Act. This act restricts the export of American nuclear materials, equipment, and technology to countries suspected of developing nuclear weapons. This act also reinforced earlier legislation that imposed restrictions on American foreign aid to such countries and was an example of the toughen-ing international attitude toward controlling proliferation.

Review of Nonproliferation Treaty (1985). In 1985, the signatories of the 1968 Nuclear Nonproliferation Treaty met to review progress made under the treaty. Most of the 130 delegates concluded that the treaty had helped to slow down the spread of nuclear weapons, but that the United States and the Soviet Union were not living up to their agreement to negotiate an end to the arms race. The delegates also accused the superpowers of not abiding by the treaty's conditions of sharing peaceful nuclear technology. The nonnuclear nations warned that, unless the United States and the Soviet Union lived up to their responsibilities, the treaty might not be renewed when it expires in 1995.



David Horsey Seattle Post-Intelligencer

U.S.-China Nuclear Pact. In 1985, President Ronald Reagan and Chinese President Li Xiannian signed a $6-billion nuclear cooperation pact. However, some U.S. senators threatened to block the pact in Congress because the agreement lacked written assurances that China would not transfer U.S. technology to other countries. The senators claimed that China could not be trusted because it had already shared nuclear weapon plans with Pakistan and had sold nuclear technology to

South Africa and Argentina. However, the president said that Chinese leaders had given extensive verbal commitments that they would not transfer U.S. nuclear technology or use it for their own military purposes. After Reagan promised to closely monitor the pact, Congress allowed it to take effect at the end of 1985.

Current Issues

Can Nuclear Proliferation Be Stopped? The problem with trying to regulate nuclear weapons on an international scale is that many countries believe that nuclear weapons will improve their national security. Faced with nuclear-armed adversaries or involved in area conflicts, many countries believe that nuclear weapons will tip the balance of power in their favor. Other nations desire the power and prestige that come from developing a nuclear arsenal. For example, it is widely believed that Israel secretly has developed a nuclear arsenal, and some experts believe that Libya has tried to get nuclear weapons to establish its military and political dominance in northern Africa. Other experts think that Brazil and Argentina are engaged in a nuclear arms race, each trying to be the first nation in South America to develop its own atomic weaponry.

Many nations with nuclear technology are often accused of encouraging the spread of nuclear weapons. For example, these nations—including the United States, China, and France—supply other countries with the knowledge, technology, and materials to construct nuclear reactors to earn money and improve relations. But the materials and technology they sell can be used to develop nuclear weapons. Most nuclear transfers take place under internationally approved safeguards, but it is still possible for a determined country to develop nuclear bombs away from the watchdogs that monitor nuclear facilities. It is possible for nuclear fuel to be diverted secretly from peaceful nuclear facilities to reprocessing plants where weapon-grade material is separated out. The nuclear fuel is then returned to the original facility where it is monitored by the IAEA. Many experts believe that, once a country has a "peaceful" nuclear reactor, it has completed the first step toward building nuclear weapons.

Nuclear Testing

According to the National Resources Defense Council, the United States and the Soviet Union tested the most nuclear devices between 1949 and 1985.

Nation	Number of Tests
United States	799
Soviet Union	604
France	141
Great Britain	39
China	30
India	1

How Effective Are Current Safeguards? Many experts believe that nuclear proliferation can be controlled but not stopped. They point out that the spread of nuclear weapons has slowed down over the past twenty years. No new nations have joined the weapons "club" since 1964, and only India has exploded a nuclear device since then. Over 125 nations have signed the Nuclear Nonproliferation Treaty, more than forty of them since 1974. China recently indicated that it will join the IAEA and perhaps allow international inspection of its nuclear facilities.

An important part of this nuclear slowdown, these experts argue, is the willingness of the international community to work together. Concern over the spread of nuclear weapons transcends ideological and political boundaries. Using diplomatic pressure, the threat of trade sanctions, and the threat of cutting off future nuclear cooperation, nations that supply peaceful nuclear technology have made other nations think twice about the consequences of developing nuclear weapons.

Some experts, however, fear that international unity on nuclear proliferation is impossible. They say that some nations will always want to develop nuclear weapons and that other nations will always be willing to provide the tools. They point to disagreements on how to approach the problem, inconsistency in policy, and ineffective enforcement of international safeguards. As a result, these experts say, nuclear proliferation may soon increase.

Will Cooperation Work? Many experts argue that international safeguards, such as onsite inspection, are inadequate. Development of nuclear weapons is not always detected, and nations do not expect to be punished if they build nuclear arms. Because no international organization has the power to take significant action against such nations, some countries are led to take their own protective measures. For example, the 1981 incident in which Israel destroyed Iraq's nuclear reactor showed how little trust some nations have in the IAEA. Although Iraq had agreed to the Nuclear Nonproliferation Treaty, the Israelis believed that the IAEA safeguards were not working.

Unless safeguards are strengthened, many experts believe that other nations will take similar actions. However, other experts believe that no level of international safeguards can guarantee that nuclear reactors will not be used to make nuclear bombs. They point out that transfers of peaceful nuclear technology and materials—used for energy production—can be used to develop nuclear weapons.

Setting an Example. Some U.S. leaders have urged that the United States should set an example for the world by sharply restricting American sales of nuclear fuel enrichment and reprocessing technology because both are ways of converting nuclear fuel from power plants for military purposes. But opponents of this concept, which include the Reagan administration and the nuclear industry, argue that overly strict American controls are ineffective since nations easily can find nuclear fuel and technical know-how elsewhere. The Reagan administration says that the United States should not deny nuclear technology to "nonrisk" nations—nations that are not seeking nuclear weapons. The administration argues that, by demonstrating that the United States is "a predictable and reliable partner," it can better control nuclear proliferation among its allies.

The Carrot or the Stick? The debate over U.S. sales of nuclear technology is part of an ongoing debate over how to stop nuclear proliferation. Which approach works better—the "carrot" or the "stick"? The "carrot" approach stresses cooperation through friendly relations and behind-the-scenes negotiations. The "stick" approach emphasizes punishment of nations that refuse to cooperate by limiting trade or by other assertions of power.

The Nuclear Nonproliferation Act of 1978 was an example of the United States using "the stick." In this case, countries that refused to comply with the nonproliferation act were to be punished. But in July 1981, Reagan announced a change in approach, arguing that the United States would be more successful in achieving nonproliferation if it became a "predictable and reliable partner for peaceful nuclear cooperation." Reagan believed that friendly relations give more leverage than do threats.

One part of Reagan's "carrot" approach involves increasing the sale of *conventional*, or nonnuclear, arms. If nations such as Pakistan seek nuclear weapons as security against potential attack, the president argues, then selling them sophisticated conventional arms would decrease their insecurity and thus reduce their desire for nuclear arms. Critics of this view say that selling weapons to insecure countries only makes them more likely to get involved in war and in no way reduces their desire for the ultimate weapon, the nuclear bomb.

What If Nuclear Weapons Become Widespread? The spread of nuclear weapons threatens to upset traditional relationships between nations, thus increasing the danger of nuclear war. For example, a nation with a large army would no longer have a decided military advantage over a nation with a small army, and conflict between two enemies could quickly escalate into worldwide nuclear war.

According to many experts, eight more nations—Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa—may have, or may be capable of making, nuclear bombs within ten years. Many of these countries have

U.S. Navy

Since 1945, France, Great Britain, the People's Republic of China, the Soviet Union, and the United States have tested many nuclear weapons. The testing has led to larger, more powerful weapons that dwarf those dropped on Hiroshima and Nagasaki. If such weapons spread to other countries, traditional relations between nations could be upset.

been fighting with their neighbors for years or have disputes with the superpowers. Some are led by unpredictable rulers who might use a nuclear weapon if they had one.

World leaders are also concerned that the spread of nuclear weapons may increase the chances that terrorist groups may obtain nuclear weapons. For example, a terrorist group could sneak a small nuclear bomb into a city and either detonate it or threaten to unless certain demands were met. The threat could not be ignored because hundreds of thousands of lives would be at risk. Such terrorist attacks would be difficult to stop. And retaliating with nuclear weapons would kill thousands of innocent people and might lead other nuclear powers to use their nuclear arms. The only solution is to try to prevent terrorist groups from obtaining weapons in the first place.

Fortunately, the chances of terrorist groups acquiring nuclear weapons are small. But there is some chance that terrorists might steal nuclear fuel needed for building a bomb from a nuclear power plant. Although security is tight at these plants, fuel has turned up missing in the past. In 1982, the United States said that it could not account for 55.6 pounds of plutonium (less than five pounds are needed to create a small bomb). And in 1977, the United States revealed that over 8,000 pounds of weapon-grade fuel had disappeared since the 1940s. Many experts believe that some of this fuel was diverted to the Middle East where the Israelis secretly developed a nuclear arsenal.

Outlook

Most nations support the goal of nonproliferation, and the international community has had some success in slowing down the spread of nuclear weapons. No new nations have exploded a nuclear device since 1974, and some countries—such as South Korea and Taiwan—which were once thought to be on the verge of nuclear capability, have not taken significant steps in that direction over the last few years. Other countries—such as Argentina and Brazil—have pledged to seek only peaceful uses for their technology. The number of signatories to the Nuclear Nonproliferation Treaty continues to grow. New talks among supplier nations should produce tighter controls on nuclear exports, and the United States and the Soviet Union are continuing their own talks on nuclear arms control. But the technology and materials for developing nuclear weapons remain available to nonnuclear nations, and it is not clear that any policy can stop nuclear proliferation completely. Nations such as Pakistan are actively seeking nuclear arms. In all probability, the number of nations with nuclear weapons will grow slowly, and with them the danger of nuclear war will also increase.

The Debate Nuclear Proliferation

Can Nuclear Proliferation Be Controlled?

PRO	CON
Nuclear proliferation is a tough but manageable problem. The spread of nuclear weapons has slowed down significantly over the past ten years. The number of signers to the Nuclear Nonproliferation Treaty continues to grow. Nuclear nations recognize their contribution to the problem and have taken steps to tighten exports of nuclear materials and technology. They continue to pressure nonnuclear nations against developing their own nuclear arsenals.	The proliferation "slowdown" of the past decade is a mirage. Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa secretly have, or will soon develop, nuclear bombs. Some nations will always seek nuclear weapons, no matter what the cost, and others will always be ready to provide nuclear technology and materials. The spread of nuclear weapons continues despite the international community's best efforts.

Should the United States Halt Sales of Technology and Materials That Can Be Used to Make Nuclear Weapons?

PRO	CON
The next country to use the atomic bomb will not be the United States or the Soviet Union. It will be another country that has built a bomb from materials provided by the nuclear "club." If we keep selling weapon-related material worldwide, the question will not be "who has the bomb," but "who does not." Therefore, a U.S. ban on the sale of plutonium and sensitive nuclear technology would limit the amount available on the world market and set a worthy example to other nuclear-exporting countries.	Halting sales of weapon-related materials and technology would only work if the United States were the sole supplier. Twenty-five years ago, we might have had such a monopoly, but today China, France, Japan, West Germany, and other countries are both able and willing to export nuclear materials and technology. Without the support of other countries, a U.S. ban would only result in American firms losing business and American workers losing jobs and would signal to our allies that we do not trust them.

The Debate, Nuclear Proliferation

Continued

Should the United States Sell More Conventional Arms to Nonnuclear Nations in the Hope That They Will Not Try to Develop Nuclear Weapons?

PRO	**CON**
The only way to solve a problem is to attack its root. The root of the proliferation problem is that nations want to protect themselves from a conventional attack from a superior military force. Increasing a nation's ability to fight a conventional war can help decrease its feelings of insecurity, and hence, give it less reason to develop nuclear weapons.	The theory that more conventional weapons offer security and prevent war will not work. Nations fight wars with weapons. Supplying more weapons, especially in volatile regions such as the Middle East and Southwest Asia, will make war more likely, not less. Besides, nations seek nuclear weapons for reasons of prestige, to be the strongest. Selling conventional arms does not approach the root of the problem.

World Poverty and U.S. Foreign Aid

The Peace Corps celebrated its twenty-fifth anniversary in 1986. Since its founding, the Peace Corps has sent more than 120,000 volunteers to 81 countries throughout the world. The volunteers have helped train and educate others while promoting goodwill toward the United States. They have taught in makeshift schools, provided nursing instruction, and helped increase agricultural production in countries such as Sierra Leone, Nepal, and Ghana.

Today, the Peace Corps is still going strong, with 6,000 workers serving in 61 countries. Former volunteers such as Senator Christopher J. Dodd (D-Conn.) and Senator John D. (Jay) Rockefeller IV (D-W. Va.) support the Peace Corps in Congress. In 1986, Congress voted to expand the Peace Corps to 10,000 volunteers. Although this is less than the 15,000 members who served during the mid-1960s, the expansion comes at a time when many government programs are being sharply cut back.

The Peace Corps is but one of many American foreign aid programs. Over the years, the United States has given food, technology, loans, grants, and military equipment to other countries to promote American interests and help people overseas. But in recent years, foreign aid programs have come under fire. Many Americans wonder if our aid has really helped poor countries and if the funds could be better spent on domestic programs. These concerns have led many policymakers to take another look at world poverty and U.S. foreign aid.

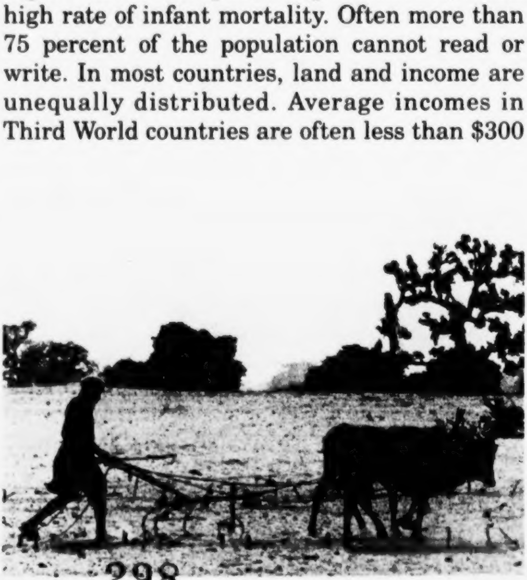
Key Questions

- Does U.S. foreign aid help other countries, or is it a wasteful handout?
- Should politics or human need determine which countries receive aid?
- Do industrialized nations have an obligation to help countries in the Third World?
- In what ways should the industrialized countries share their wealth with the Third World?

Background

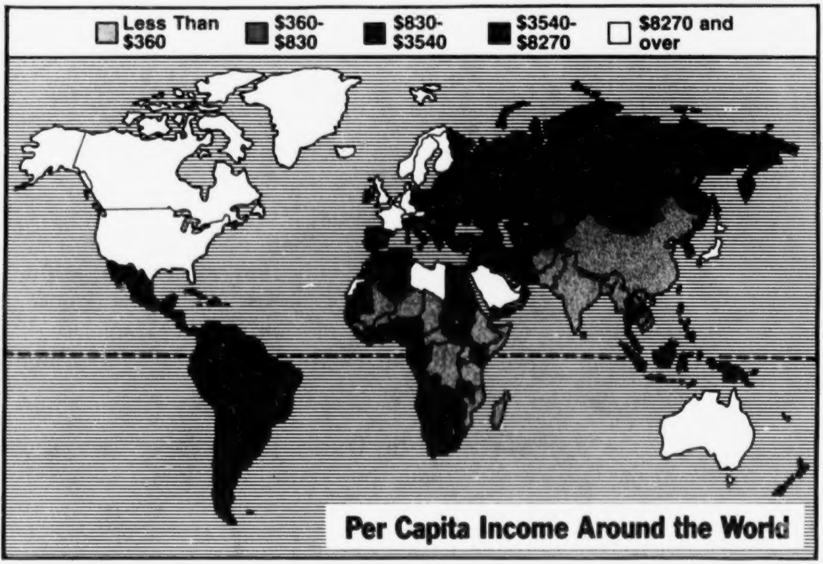
The Terms of Poverty. In international relations, the United States and its allies are often called the First World. The Soviet Union and its allies are called the Second World. The poor countries are called developing countries, or the Third World. The poorest of the poor countries—such as Bangladesh, Nepal, Haiti, Ethiopia, Somalia, and Burundi—are often called the Fourth World. The equator is also used to distinguish between the rich countries of the North and the poor countries of the South, most of which are in Africa, Asia, and Latin America.

The Pattern of Poverty. More than 1 billion people live in conditions unimaginable to most Americans. In developing countries, most roads are unpaved. Few villages have plumbing and electricity. Farming is still done with the most basic tools and techniques, and there is little industry. Health standards are very low, leading to a short life span, rampant disease, and a high rate of infant mortality. Often more than 75 percent of the population cannot read or write. In most countries, land and income are unequally distributed. Average incomes in Third World countries are often less than $300



Many people in less developed countries produce only enough food to survive. Natural disasters such as drought can be devastating. Here, a farmer in Chad keeps his team of oxen in shape for when the rains fall.

Agency for International Development



Per Capita Income Around the World

Source: World Bank, 1983 World Bank Atlas

per year, although a small percentage of people enjoy considerable wealth.

World Hunger. The poor are also hungry. Despite advances in agricultural technology and years of international aid programs, there are more starving and malnourished people today than ever before. Between 13 million and 18 million people die from hunger every year—more than 35,000 people a day. According to population experts, as many as 1 billion people suffer from *undernourishment* (a lack of protein and calories), *malnutrition* (a lack of proper nutrients), or other forms of hunger. In the 1950s, one out of every fifteen people in the world suffered from malnutrition; today that rate has doubled, largely because of the continuing growth of the world population. Suggested ways to combat hunger include population planning, more efficient farming methods, and increased international assistance programs. But so far, many governments have been unable to provide anything more than stopgap measures.

A Crisis

According to the Hunger Project:

- 1 billion people are chronically malnournished
- 13-18 million people die of hunger every year
- 18 children die every minute from hunger

During the last five years, many African countries have suffered from the worst drought and famine in this century. The drought has been intensified by inadequate food distribution systems, a 20-year pattern of declining food production, and continuing civil wars. The most severely affected areas are in Ethiopia, Ghana, Mauritania, Mozambique, the Central African Republic, Chad, and the Sudan. Government experts say that Africa will suffer from increasingly severe food shortages for years to come and that the shortages could eventually affect 100 million to 150 million people.

North-South Trade. In the basic pattern of world trade, the South exports raw materials and food to the North, and the North in turn exports manufactured products and technology to the South. This pattern favors the North. In general, the prices of raw materials and food increase more slowly than do those of manufactured products and technology.

During the 1970s, many poor countries borrowed huge sums of money from American and European banks to finance industrial development. Faced with high interest rates and a slumping world economy, they have been unable to pay off their loans and have fallen deeply into debt. This large debt has not only sharply curtailed their economic development, but also has threatened the international banking system. Poor oil-producing countries, such as Mexico and Nigeria, have been especially hard hit because the price of oil has dropped dramatically in the last year. These countries were relying on oil revenues to pay off their debts.

The economic and development problems of Third World nations—and what they see as the unfairness of world trade—have led them to call for a New International Economic Order. The New International Economic Order would redistribute the world's wealth on a more equitable basis, and according to its supporters, allow the countries of the South to raise their

UN Photo 164600/John Isaac

More than 1 billion people suffer from hunger around the world. Although many countries, including the United States, provide humanitarian assistance to relieve hunger, the problem continues to grow.

standard of living. The northern countries have made some concessions, but still consider most of the demands unreasonable and unjustified.

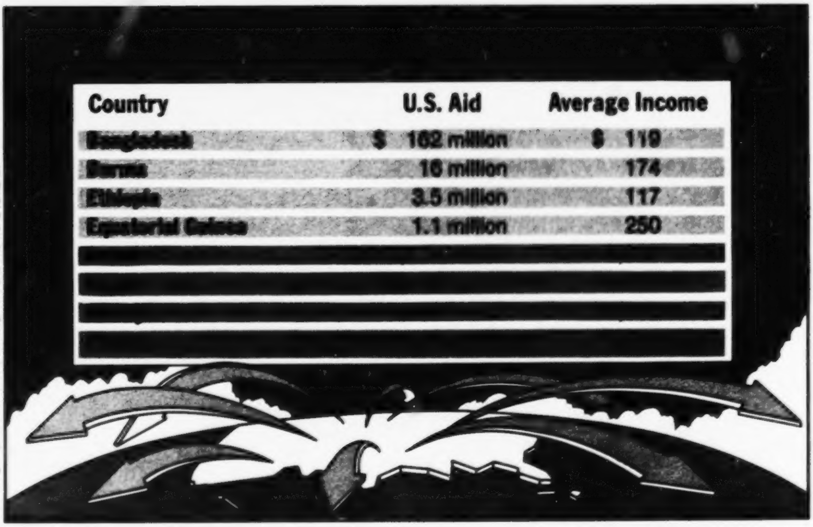
Why Help the Third World? The United States provides foreign aid to the Third World for several reasons. First, the U.S. government gives aid to friendly countries to maintain a strong alliance system around the world. Strong allies improve the national security of the United States. Second, the U.S. government aid helps raise the standard of living of Third World countries, enabling them to buy more American products. Currently, Third World nations buy more products from the United States than do the nations of Europe and Japan combined. Third, the United States uses foreign aid to promote political stability in a region by providing governments with military equipment and funds for economic development. And fourth, the United States provides aid for humanitarian reasons—to feed the poor, treat the sick, and improve living conditions.

U.S. Foreign Aid Programs. Every year, the United States gives about $15 billion to other countries, many of them poor. U.S. aid is mostly *bilateral*—it goes directly from the United States to another country—and is broken into two categories: (1) development and humanitarian assistance, and (2) security assistance. Development and humanitarian assistance is used to build roads, power plants, schools, and hospitals and to provide food for the hungry. The funds are channeled through the Agency for International Development (AID), which oversees a variety of programs, such as:

- the Agriculture, Rural Development, and Nutrition Program, which helps increase agricultural production in other countries;
- the Food for Peace program, which provides low-cost American grain to countries having difficulty feeding their people;
- the Sahel Development Program, which is helping countries that border the Sahara Desert to become self-sufficient food producers;
- population planning, which helps reduce population growth through family planning; and
- the Child Survival Fund, which immunizes children against disease and improves their diet.

AID also funds programs that help countries resettle refugees left homeless by famine, natural disaster, or civil war.

The United States gives security assistance to strengthen the militaries and economies of friendly governments. Security assistance (estimated at $10.2 billion for 1986) is more than twice the amount of development and humanitarian aid. The United States provides governments with money to buy American-made weapons, airplanes, military vehicles, and to train soldiers for their national defense. Another component of security assistance is the Economic Support Fund (ESF). U.S. officials



Country	U.S. Aid	Average Income
Bangladesh	$ 162 million	$ 119
Burma	16 million	174
Ethiopia	3.5 million	117
Equatorial Guinea	1.1 million	250

Source: Agency for International Development and The World Almanac

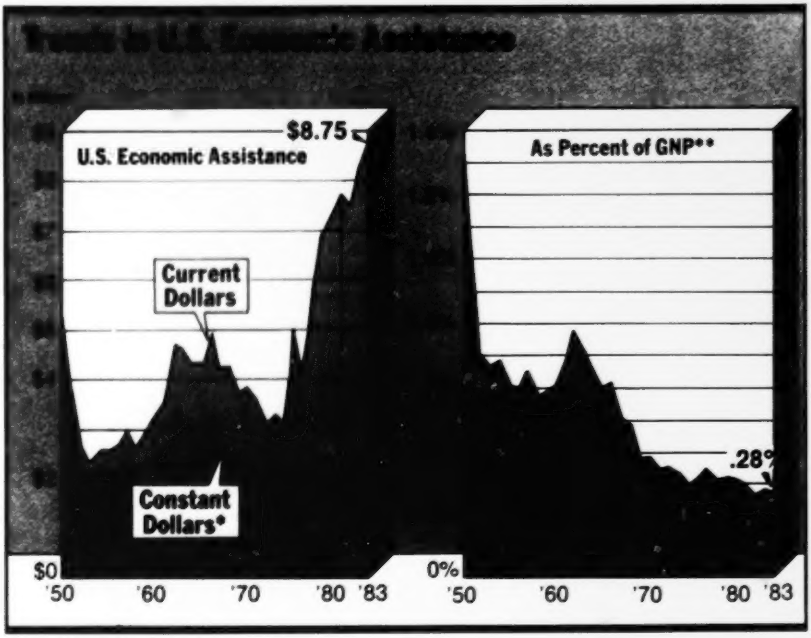
The United States gives aid to other countries to gain allies and provide support to friendly governments. The United States considers many factors when determining the amount of aid to give another country including its location, economic problems, and humanitarian needs.

believe that the ESF is vital in assuring that our allies' governments remain stable. Loans and grants are deposited in foreign treasuries for general budget use and to finance development projects. The two largest recipients of Economic Support Fund money—Israel and Egypt—account for about half of the program.

Multilateral Aid. The United States also gives money to international organizations. These organizations then distribute money to needy countries to help them combat specific problems. This type of aid is called *multilateral* because it is received by many nations. The two largest multilateral aid sources are the World Bank and the United Nations Development Program. Both organizations grant aid based on need rather than politics.

Current Issues

The Reagan Administration's Foreign Aid Policies. President Ronald Reagan believes



Source: United States International Cooperation Development Agency

After World War II, the United States spent large amounts of money to rebuild Western Europe and to make friends throughout the world. But since the 1960s, American foreign aid expenditures have leveled off. Despite this decrease, the United States remains the largest provider of economic assistance to developing countries.

that foreign aid is a powerful tool in promoting American interests overseas. He says that his first priority should be to strengthen the national security of the United States. Secretary of State George Shultz believes that foreign aid should be used to accomplish specific foreign policy objectives—first, to bring peace to the Middle East, and second, to promote American interests in Central America and the Caribbean basin. These two areas receive more U.S. foreign aid than any other region in the world, and the percentage is increasing. Other—often poorer—countries receive less money than during previous administrations because they are not considered as important to American security. Some critics have said that this strategy is shortsighted. They say that Reagan's policies create resentment against the United States and force countries to look toward the Soviet Union for assistance.

President Reagan believes that Third World interests would be better served by open trade and increased private investment than by "handouts" from the developed world. He likens his aid program to the man who learned to fish for himself rather than accepting fish from others. The president has tried to encourage developing countries to transfer government services—such as supplying housing, energy, and transportation for society—to private industry. He points to Jamaica, where the government leased hotels to private companies, and to Bangladesh, where private businesses now distribute the nation's fertilizer, as successful examples of "privatization." Currently, 17 percent of U.S. development assistance goes to projects involving the private sector.

Critics of President Reagan's policies say that they are not easing poverty in the Third World and are actually hindering development. They say that more private investment may increase the power of U.S.-based multinational corporations to dominate the economies of Third World nations. Third World leaders also reject Reagan's belief that free-market investment will improve their plight. They say that the private sector is not yet sophisticated enough to provide goods and services for an entire nation. They believe that only their governments have the money, power, and organization to build large-scale projects such as railroads, roads, irrigation systems, or dams.

The New International Economic Order. The developing nations have been calling for global talks aimed at redistributing the world's wealth among all nations. They believe that the current international economic system favors the industrialized countries and keeps the poor countries in extreme poverty. The developing countries want: (1) more say in how the World Bank and the International Monetary Fund allocate money, (2) higher prices for their products, (3) sophisticated technology at relatively low cost, and (4) low-interest development loans without political conditions attached. In addition, the developing countries want the industrialized nations to import more Third World goods. The developing countries have tried to initiate international negotiations to implement these changes, but have been generally rebuffed by the Western world.

The United States has not been supportive of the New International Economic Order, calling it unrealistic and unfair. The Reagan administration believes that the current international system has been successful and has generated unprecedented growth. It acknowledges that some inequalities exist under the current system, but asserts that sudden shifts of financial resources and trade policies will inhibit economic growth, not help it. The United States has also maintained that no country or group of countries should be allowed to control the International Monetary Fund or the World Bank and that their independence is crucial to international economic growth.

Criteria for Aid: Need or Politics? To whom should American foreign aid go? Some experts say it should go to those most in need, such as the extremely poor countries of Ethiopia and Sierra Leone. Others say that aid should go only to the most important political and military allies of the United States.

Traditionally, the United States has provided the most aid to its allies. During the 1950s, the United States concentrated its aid on the poor countries whose political support it most wanted. In the early 1960s, under the Alliance for Progress program, the United States used foreign aid to prevent communism from spreading in Latin America. In the 1970s and 1980s, the United States sent large amounts of military and economic aid to the Philippines.

The same philosophy underlies U.S. foreign aid programs today. The Reagan administration gives economic and military assistance to regimes facing internal threats from communist-inspired guerrillas or external threats from the Soviet Union and to those countries that occupy an important military region in the world. Reagan believes that a combination of economic and military aid decreases communist influence in an area. The four largest recipients of U.S. foreign aid—Israel, Egypt, Pakistan, and Turkey—occupy important positions in the Middle East and along the border of the Soviet Union. The Reagan administration wants to keep these countries strong and firmly allied to the United States.

Many people criticize U.S. foreign aid programs, but for different reasons. Some believe that the United States spends too much money on foreign aid. This group points to the huge federal budget deficit and says that the United States should meet its own needs before sending money to poor countries. Others criticize President Reagan's emphasis on U.S. security interests. These people maintain that human need, not politics, should be the key factor when allotting aid. They point out that, after inflation is taken into account, the United States now gives less than half the aid it gave in 1955.

Agency for International Development

Working through the Agency for International Development, the United States provides more than $4 billion in humanitarian and development assistance. However, security assistance ($6 billion) makes up the bulk of U.S. foreign aid.

Outlook

In his 1987 budget, President Reagan asked for a $1.2-billion increase in U.S. foreign aid. But many members of Congress oppose the increase, and the request may be cut. Congress does not want to give more money for overseas programs while the federal budget deficit is so large and many popular domestic problems are being cut. Many Americans also oppose increased foreign aid. They believe that the United States should stop giving "handouts" to other countries. With opposition so strong, it is unlikely that U.S. foreign aid will be increased. However, aid will continue to be given to U.S. allies to promote political stability and the development of American-style economies.

The Debate

World Poverty
and U.S. Foreign Aid

Should the United States Reduce Foreign Aid?

PRO

The United States cannot afford major increases in foreign aid. The first priority of the federal government must be to reduce the budget deficit. Although the United States has pumped millions of dollars into the Third World, poverty and hunger still prevail, and many recipient countries do not act in the best interests of the United States.

CON

Foreign aid is an inexpensive way of promoting U.S. interests. Our foreign aid programs create long-term friendships for us throughout the world. In return, many countries allow us to build military bases on their soil. Also, many aid programs are tied to long-term contracts for American business and agriculture—contracts that benefit our economy. And finally, foreign aid saves lives. The United States has a moral responsibility to help those in need.

Should Politics Determine Who Gets Aid?

PRO

Foreign aid is a legitimate tool of foreign policy. The United States should not give aid to unfriendly governments. In particular, we should stop supporting multilateral institutions that spend American dollars on projects in Communist countries. Though the United States should help the poor of the world, its funds are limited and should go to poor nations that are friendly to the United States.

CON

Human need, not politics, should be the basis for giving aid. People's lives are at stake, and they should not be used as pawns in an ideological battle. To the extent that political criteria are used, the United States should favor democratic governments that respect the human rights of their citizens. Too much aid goes to "friendly" dictators who never use it for the people.

Should the Wealth of Industrialized Countries Be Shared With the Third World?

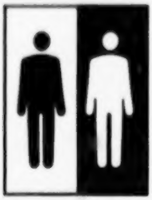
PRO

The present international economic system is unfair. The industrial countries of the North control the world's wealth and keep the developing countries in a state of poverty. The Third World will never be able to provide for its citizens unless the industrialized world is willing to change its trade policies and share its technological advances. The New International Economic Order offers a viable alternative to the present system.

CON

The present international economic system has developed naturally, and the industrialized countries should not feel guilty for their success. The Third World can develop, but it will take hard economic measures with guidance from the northern countries. The Third World cannot expect the industrialized countries to foot the bill for its development.

South Africa



Benjamin Moloise was hanged at dawn. South African blacks reacted to the October 1985 execution with outrage. In Johannesburg, hundreds rioted in the streets. Moloise had been convicted of murdering a police officer, but Moloise charged that the police had coerced a confession from him. Antigovernment rebels claimed that they had killed the police officer and that Moloise was innocent. But South African President Pieter W. Botha allowed the verdict to stand.

The execution of Moloise and the resulting outrage is just one of many incidents that have drawn international attention to South Africa, a nation where racial segregation is not just a social order but an official government policy called *apartheid*. Although 73 percent of South Africa's 30 million people are black Africans, blacks have no political rights and individual rights across the board are determined by race. Many blacks believe that Moloise was hanged because he was black and an opponent of apartheid.

South African blacks increasingly are taking action—both violent and nonviolent—against apartheid. But the white minority government has cracked down on protesters with harsh measures and has inflamed racial tensions. Many people think that the United States could do more to ease the violence in South Africa and bring about reform. They say that the U.S. government has enough political and economic influence to convince the South African government to change the system of apartheid.

Key Questions

- Why is South Africa important to the United States?
- Could the United States do more to end apartheid?
- Are blacks in South Africa justified in using violence to gain political and economic equality?
- Is peaceful change possible in South Africa?

Background

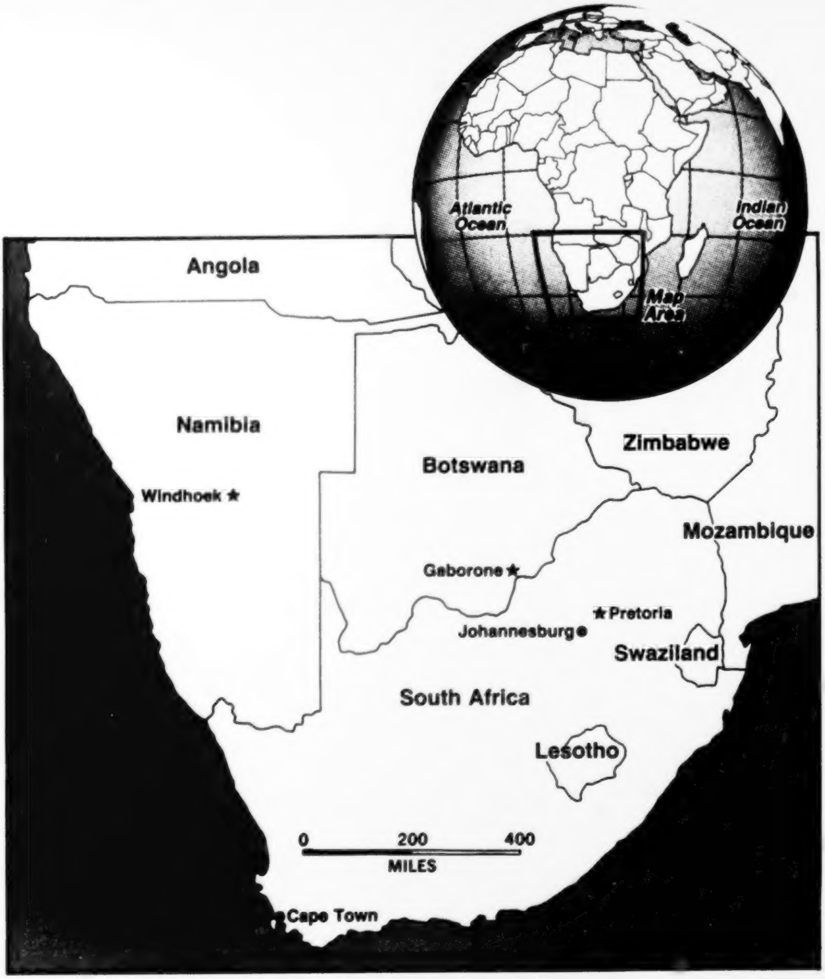
Republic of South Africa

European Settlement. Before the arrival of the Europeans, Khoikhoi shepherds and San hunters occupied the southwestern portion of what is now South Africa. Various African tribes settled the southeastern and northern areas as early as the third century. But it was on the southwestern coastline where the first permanent European settlement, Cape Town, was established in 1652 by the Dutch East India Company. The Dutch, German, and French Huguenot settlers who immigrated to this area became known as Afrikaners. Over time they developed their own economy, culture, and language (*Afrikaans*).

In 1806, Britain annexed the Cape Town colony to its growing empire and began encouraging English men and women to settle in the area. By the mid-1830s, Afrikaners, unhappy with British rule, began an exodus into the northern and eastern interior where the Zulu and Nguni tribes had long settled. This exodus is remembered in Afrikaner history as the Great Trek.

Afrikaners were in constant conflict with the British and the Africans throughout the nineteenth and early twentieth centuries. The most notable conflict was the Boer War, fought in the 1890s, which pitted Afrikaner Boers (farmers) against the British. Though the Afrikaners lost, they were able to negotiate terms promising them early self-government. Then, in 1910, the Union of South Africa achieved commonwealth status within the United Kingdom, giving them more self-rule. In 1933, South Africa became virtually independent, although it remained within the British Commonwealth until 1961.

Apartheid. In the first half of the twentieth century, most white South Africans shared the



Atlantic Ocean
Indian Ocean
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Windhoek
Botswana
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Cape Town

racial assumptions prevalent among whites everywhere—including those in the United States—that black people were inherently unequal to whites. Whites believed that they alone should rule since blacks had not "evolved" to the white man's level and because white superiority was the "will of God." Both Afrikaners and English-speaking South Africans shared these views. But *apartheid*, the system of racial segregation, was not instituted until 1948, when the Afrikaner-dominated National party was elected into office. Translated from Afrikaans, "apartheid" means "separateness" and refers to the South African government's policy of total segregation of the races and its refusal to grant political power to the black majority.

The white minority government believes that apartheid is an appropriate political structure for South Africa, considering it to be a form of "cooperative coexistence." The government says that South Africa is composed of many minorities—the blacks being split between different tribes—and that violence and chaos would occur if the whites lost control of the government. The government also contends that apartheid allows native black Africans to preserve their cultural heritage by protecting them from the cultures of other races.

Critics believe that apartheid perpetuates extreme inequality for Asians, Coloureds (the official name for racially mixed individuals in South Africa), and blacks. Government standards for wages, health care, and education are all far lower for blacks than for whites. Whites earn four to six times more than do blacks who hold similar jobs. The standard of living for whites in South Africa is one of the highest in the world, but almost all blacks there live in life-long poverty. Health care for blacks in South Africa is so poor that the black infant mortality rate is more than six times greater than that for whites. Whites tend to live fifteen years longer than do blacks. And while the segregated school system has created a literate white population, only half of the black population has learned to read.

Blacks in South Africa are denied political rights. They lack the guarantees that whites enjoy to a fair trial and to protection against arbitrary arrest, searches, and police brutality. Blacks must carry identification papers called passbooks, which contain information such as their tribal heritage, residence, and where they are permitted to travel. Any black African who does not carry a passbook faces arrest. With few exceptions, restrooms, restaurants, public transportation, and housing are segregated by law. Even criminals are kept in separate prisons based on race.

NIE — BLANKES
NON — WHITES
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P
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AP/Wide World Photos

South Africa maintains strict separation of the races in public facilities. Blacks and whites must use separate entrances at this South African post office.

The government is making gradual reforms. Blacks can now own property under certain circumstances; local communities can decide whether to integrate a beach or a public restroom; racially mixed couples can marry; and an "international" hotel or restaurant can serve blacks. The government also recognizes black unions, and blue-collar fields no longer have limitations on black employment. Black unions have worked out new wage contracts, giving their 250,000 members a 40-percent boost in income (although white workers still earn far more than blacks). The government has also hinted that it will eventually eliminate passbooks.

Homelands Policy. For almost thirty years, the South African government has promoted a controversial "homelands" program. The government claims that it is attempting to promote self-rule among its black citizens by es-

AP/Wide World Photos

South African blacks flee birdshot and rubber bullets fired by police near Cape Town. Increasing violence by both blacks and whites has plunged South Africa into a prolonged crisis.

tablishing ten homelands for its major African ethnic groups. Millions of Africans have been resettled in these areas. The South African government claims the homelands represent a step toward improved interracial relations. Supporters of the program say that blacks living in the homelands will have a better opportunity to preserve their native cultures than in the cities of South Africa.

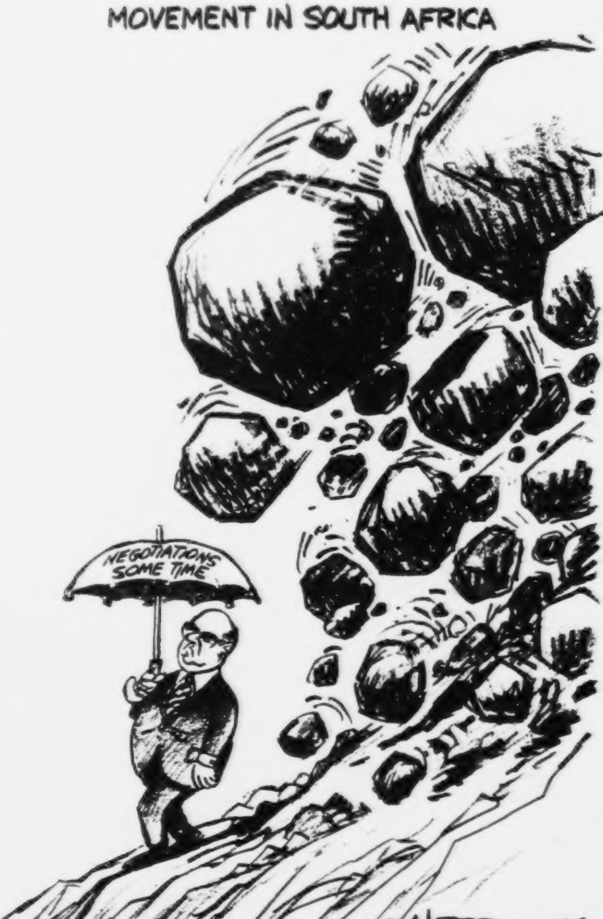
Critics of the homelands program paint a more dismal picture. They contend that it is a separatist structure that promotes further entrenchment of white rule in South Africa. Most of the land granted by the government is unsuitable for farming and contains little, if any, industrial or mineral resources. The ten homelands encompass only about 13 percent of the total land of South Africa, and most are overcrowded. Poverty and high unemployment prevail. As a result, blacks living in the homelands must seek jobs in "white" South Africa, also known as the "common areas." The government restricts the number of migrant workers from the homelands who can work in the common areas, and migrant workers are not permitted to bring their families with them.

Domestic Opposition to Apartheid. Within South Africa, several groups are working to abolish apartheid. The African National Congress (ANC) is the oldest and best known of these groups. The South African government has outlawed the ANC because it supports violent means to end apartheid. The government accuses the ANC of being a terrorist group with communist support. Nelson Mandela, former president of the ANC, was jailed in 1962 and is serving a life term. Many consider Mandela the symbolic leader of the anti-apartheid movement.

Other anti-apartheid groups are trying to negotiate with the government to ensure that political change comes peacefully. These groups include:

- the United Democratic Front, a multiracial coalition of some 600 organizations including labor unions and churches;
- the South African Council of Churches, whose membership includes Bishop Desmond Tutu, 1984 winner of the Nobel Peace Prize;
- the Progressive Federal Party, a white opposition party that supports full citizenship for all South Africans; and
- the Inkatha, a black organization with more than 1 million members.

World Opposition to Apartheid. International opposition to apartheid has been strong and highly vocal, especially in the United Nations (UN). During the 1950s, the United Nations appealed to South Africa to end apartheid. South Africa's response has been that the matter is strictly domestic and outside of the jurisdiction of the United Nations. In 1962, the UN General Assembly called on member states to break off diplomatic relations with South Africa, to boycott goods made in South Africa, and to stop exporting various goods to South Africa, especially arms. In the years that followed, the United Nations continued to condemn specific South African policies, including the passbook system and the establishment of homelands. In 1978, the UN Security Council made the arms embargo against South Africa mandatory—the first time the council had taken such strong action against a member nation. The General Assembly also requested member nations to cease joint sports events with South Africa. As a re-


MOVEMENT IN SOUTH AFRICA
NEGOTIATIONS SOME TIME
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sult, South Africa may no longer participate in the Olympics.

Thus far, neither economic boycotts nor arms embargoes have succeeded in forcing South Africa to end apartheid. In large part, economic boycotts have failed because they have only slightly affected South Africa's economy. South Africa contains rich supplies of precious and other metals that are in constant demand on the world market. Although adamantly opposed to apartheid, the countries that surround South Africa rely on the nation for vitally important trade, food, and transport. For example, Botswana, a landlocked nation just north of South Africa, is totally dependent on South African railroads to transport its imports and exports to and from market.

The effectiveness of the arms embargo has also been limited. Although the U.S. arms industry is large enough that it can forego arms sales to South Africa, other nations with smaller arms industries will not give up sales for the sake of ending apartheid. So far, South Africa has been able to buy weapons from these nations directly or else buy licensing privileges to build weapons in South Africa. In addition, South Africa has sought to develop its own arms industry.

U.S. Policy

American Interests in South Africa. South Africa is important to the United States for a number of reasons. First, most of the oil exported from the Middle East to western countries is shipped around South Africa. Second, the United States wants to curtail Soviet influence in southern Africa, and the present South African government is strongly anti-Soviet. Third, the United States has close trade and economic links with South Africa. Trade between the United States and South Africa totals about $4.5 billion a year. Of all African countries, only oil-rich Nigeria exports more to the United States, and only Egypt offers a larger African market for U.S. exports. Fourth, South Africa is a major supplier of rare minerals such as antimony, vanadium, gold, and diamonds and is our nation's only source of chromium and platinum—both essential minerals for the production of military weapons. The only other nation that could supply chromium and platinum in sufficient quantities is the Soviet Union. For these reasons, many analysts consider it vital that the region remain in the control of a government friendly to the United States.

Attracted by the wealth in the region, American businesses have invested heavily in South Africa. Some 300 American corporations have invested over $2 billion in South Africa. In addition, American banks have loaned more than $4.5 billion to South African companies.

U.S. Policy Toward South Africa. Although past administrations have criticized apartheid, President Jimmy Carter was the first to incorporate human rights and opposition to apartheid into his foreign policy. In 1978 on the thirtieth anniversary of the UN Declaration of Human Rights, President Carter included South Africa on his list of seven nations that "continue to practice repression." U.S.-South African relations cooled further when Carter worked with Great Britain to mediate the transfer of power from whites to blacks in neighboring Rhodesia (now Zimbabwe).

During his first term in office, President Ronald Reagan believed that Carter's approach did not alter the power structure in South Africa and hurt U.S. interests in the region. He thought that the best way to bring about peaceful change in South Africa was through quiet diplomacy, or the policy of "constructive engagement." He emphasized the importance of economic cooperation and behind-the-scenes persuasion with South Africa to urge that nation to abolish apartheid. In September 1985, President Reagan strengthened his policy by imposing economic sanctions against South Africa, including banning the sale of computers to the South African military, limiting future loans to the government, and halting the sale of South African gold coins (Krugerrands) in the United States.

The Growing Crisis. During 1984 and 1985, the South African government—under President Pieter W. Botha and the National party—faced a severe crisis. In the past, the government had been able to contain racial disturbances, but now found itself reeling under mounting unrest, international pressure, and a weakening economy.

The crisis began in September 1984 when the white minority government sharply increased rents for blacks living in urban areas. Blacks, already suffering from high unemployment, protested the increases and joined more than 200,000 students who were boycotting schools in an effort to change the country's educational system. The protests soon encompassed a wide range of political issues. The government reacted strongly to the growing demonstrations and suppressed them with force. More than 450 people died between September 1984 and July 1985. Some of the deaths occurred during mass funerals held for people killed by government forces.

In July 1985, the government declared a state of emergency to restore order in troubled black areas. The declaration gave the government wide-ranging police powers to search and seize property, to arrest people without formal charges, to seal off designated areas, and to censor news coverage. But the state of emergency did not end protests against apartheid. In the next 100 days, another 330 people were killed during public demonstrations.

In December 1985, more than 400,000 black workers formed the Congress of South African Trade Unions (COSATU) to press for political and economic changes. COSATU demanded the abolition of *pass laws* (regulations that restrict the movement of blacks) within six months, or political action—perhaps a strike—would be taken. Because COSATU is made up of workers

Censoring the Messenger

In November 1985, the South African government began censoring the international press. According to Harper's magazine, in the month before the censorship, the ABC evening news showed an average of 10.8 minutes of coverage from South Africa every night. In the month following the ban, ABC news coverage dropped to 3.2 minutes a night.

in mining, food production, retail trade, and transportation, a strike could paralyze South Africa. For the first time, black workers threatened to use their economic strength to push for major political change.

Current Issues

U.S. Policy: Quiet or Public Diplomacy? The Reagan administration, Congress, and the American people believe that the United States can promote change in South Africa. But they often differ over how reform can be accomplished best. President Reagan believes that "quiet diplomacy" (constructive engagement) is the best method because taking a combative stance against South Africa only makes the government defensive and more resistant to change. The administration believes that its policies have led to improvements in South Africa, including the passage of the 1983 constitution that allows Asians and Coloureds to vote and to be elected to Parliament; the lifting of the ban against interracial marriage; and the desegregation of public facilities in Durban and Cape Town. According to President Reagan, these reforms show that South Africa is taking steps toward ending apartheid.

Many Americans, however, believe that constructive engagement has not improved the situation in South Africa. They claim that the policy has undercut years of international efforts to force South Africa to change by isolating it from the international community, and that South African authorities believe they can continue practicing apartheid without fear of U.S. reprisal. Critics say that constructive engagement gives the impression that the United States supports apartheid, a position that weakens U.S. influence throughout black Africa. Moreover, critics say that once the black majority takes over in South Africa, the blacks won't forget that the United States did not oppose apartheid strongly enough.

Economic Sanctions. Some anti-apartheid groups believe that economic sanctions are the most effective way to bring about change in South Africa. They note that economic sanctions helped bring white minority rule to an end in Rhodesia (now Zimbabwe) during the late 1970s. These groups contend that the South African government will only respond to harsh economic measures. They would like the president to broaden the sanctions against South Africa to halt future U.S. trade and investment there.

The Reagan administration says that further sanctions would not promote reform in South Africa. The administration argues that South Africa is a relatively autonomous country that is rich in energy and minerals. Moreover, Afrikaners are a proud, independent people that would rather survive on their own than give in to outside pressure. The real loser would be the United States, which depends on South Africa for minerals essential for producing jet airplanes.

Divestment. Many Americans argue that private investment in South Africa helps finance apartheid. They believe that U.S. corporations should divest (dismantle) their factories and other operations in South Africa. The loss to the economy—which is currently in a slump—would cripple South Africa's government, forcing it to negotiate an end to apartheid. Moreover, supporters of divestment argue that, by continuing business relations with South Africa, the United States is collaborating with the racist government.

The Reagan administration, however, believes that reform in South Africa will only occur in an environment of political and economic stability. Divestment would only create economic chaos. The administration argues that American corporations in South Africa hire black workers, pay them the same wages

Sullivan Principles

In 1975, the Reverend Leon Sullivan wrote a code of conduct for American-owned businesses in South Africa. The code calls for:

- Nonsegregation of races in all eating, comfort, locker rooms, and work facilities.
- Equal and fair employment practices for all employees.
- Equal pay for all employees doing equal or comparable work.
- Development of training programs to prepare blacks, coloureds, and Asians for supervisory, administrative, and technical jobs.
- Increasing the number of blacks, coloureds, and Asians in management and supervisory positions.
- Improving the quality of employees' lives outside the work environment by subsidizing housing for black workers and by helping construct recreation and health care facilities.

In 1985, an addition to the code called for U.S. companies to "work to eliminate laws and customs which impede social and political justice."

as whites, and offer them opportunities for career advancement. A sudden withdrawal of U.S. companies from South Africa could hurt as many as 180,000 blacks. Many businesses also point out that they follow the Sullivan principles—a code of conduct mandating equal employment practices for black South Africans—and that other companies replacing departing American firms might not offer similar opportunities to blacks.

Arms Embargo. An international arms embargo has long been a tool in the anti-apartheid movement. The United States has banned weapons sales to the country since 1963, and the UN Security Council made an international ban against arms sales to South Africa mandatory in 1977. But anti-apartheid groups concede that the arms embargo has not worked. South Africa makes many of its own weapons, and several countries are willing to defy the embargo openly or to get around it on technicalities. As a result, critics say, South Africa has been able to maintain its military strength.

Anti-apartheid groups are urging the United States and other western powers to take action to enforce the arms embargo. For example, if U.S. banks refused to grant loans to nations that sold arms to South Africa, those nations would have more incentive to join the embargo. But such measures are controversial. Many people believe that enforcing the ban against South Africa is not important enough to risk harming relations with other nations.

Outlook

Increasing violence and protest have focused world attention on South Africa's racial policies. In the United States, President Reagan has condemned apartheid and imposed economic sanctions on the South African government. However, many anti-apartheid groups argue that the United States should enact even stronger measures. No one expects South Africa to change its policies overnight. In Bishop Desmond Tutu's words, "the basic issue is political power"; more and more blacks in South Africa want "one person, one vote" political representation. The minority government does not want to institute such a reform because whites might fall under black domination. Many observers believe that both whites and blacks must agree to compromise their positions to avoid a violent future for South Africa. These observers hope that the United States and other countries—through economic influence and diplomatic persuasion—can help steer South Africa toward reform. Otherwise, the alternative may be civil war.

The Debate

South Africa

Is Constructive Engagement the Best Way to Change South African Policies?

PRO

The Carter administration's policies on human rights did not work. Neither do threats. Friendly persuasion is the most effective way to promote change. If we take a combative stance against South Africa, it will become more resistant to change. Constructive engagement permits South Africa to take painstaking steps to end apartheid. The South African government is moving in that direction.

CON

Constructive engagement has been ineffective. Six years of quiet diplomacy from the Reagan administration have not changed the situation in South Africa. Blacks still face discrimination—they suffer in low-paying jobs, they receive inadequate education and health care, and they are denied the right to vote. The United States should not support South Africa—publicly or privately—until it ends apartheid.

Should the United States Enact More Severe Economic Sanctions Against South Africa?

PRO

South Africa will change only under pressure—through economic sanctions. Current U.S. sanctions are too mild and will not lead to reform. The sanctions are so weak that the South African government believes that the United States will never take a firm stand against apartheid. We must raise the economic cost of maintaining apartheid, and the only way to do this is with sanctions.

CON

Economic sanctions will not work. South Africa is too self-sufficient, and the white minority government is too stubborn to give in to outside pressure. If we impose harsher sanctions, we will lose our ability to promote behind-the-scenes change. Other nations will rush in to help the South Africans, counteracting our sanctions.

Should American Corporations Do Business in South Africa?

PRO

Trade with South Africa is vital to the United States. We have no other source for many of the minerals South Africa exports. American businesses in South Africa provide jobs and equal opportunity for blacks, even if their society does not. If U.S. businesses pulled out now, the plight of blacks in South Africa would worsen and social tensions would rise.

CON

American investment in South Africa is nothing less than collaboration with the racist government. The rest of the world sees the American presence in South Africa as official support for apartheid. American corporations should not conduct "business as usual" in South Africa as long as racial discrimination is "business as usual."

China

For many years, the leaders of China have posted inspirational messages on city walls. During the 1950s and 1960s, mottos such as "Sacrifice for Socialism" and "Work Is Struggle" exhorted workers to produce more for the state. Today, however, new slogans encourage workers to make—and spend—money for themselves. "To Get Rich Is Glorious" and "Time Is Money" appear on elaborate wall posters as well as handwritten scraps of paper in the huts of peasants. Even billboards advertise color television sets, videotape recorders, blue jeans, and refrigerators.

This shift—from the hard-line communism of Chairman Mao Zedong to the accumulation of personal wealth—reflects the philosophy of China's 81-year-old leader, Deng Xiaoping. When Deng came to power in 1978, he decided that Marx's system of state ownership, government planning, dictatorship, and restricted freedoms did not permit China to compete effectively in the modern world. To establish China as a major economic world power, Deng combined elements of Western capitalism with communism. His new policies amounted to a "second revolution" for China's 1 billion inhabitants and gave rise to a new slogan——"One Flag, Two Systems." The implications of this new policy are just beginning to be revealed.

Key Questions

- Should the United States continue to sell arms to Taiwan while it helps to modernize the army of communist China?
- Considering the nature of China's political past, can the United States trust the reforms of Deng Xiaoping to be permanent?
- What should U.S. policy toward China be in the future?
- Do you think communism and capitalism can be combined into an effective economic system?

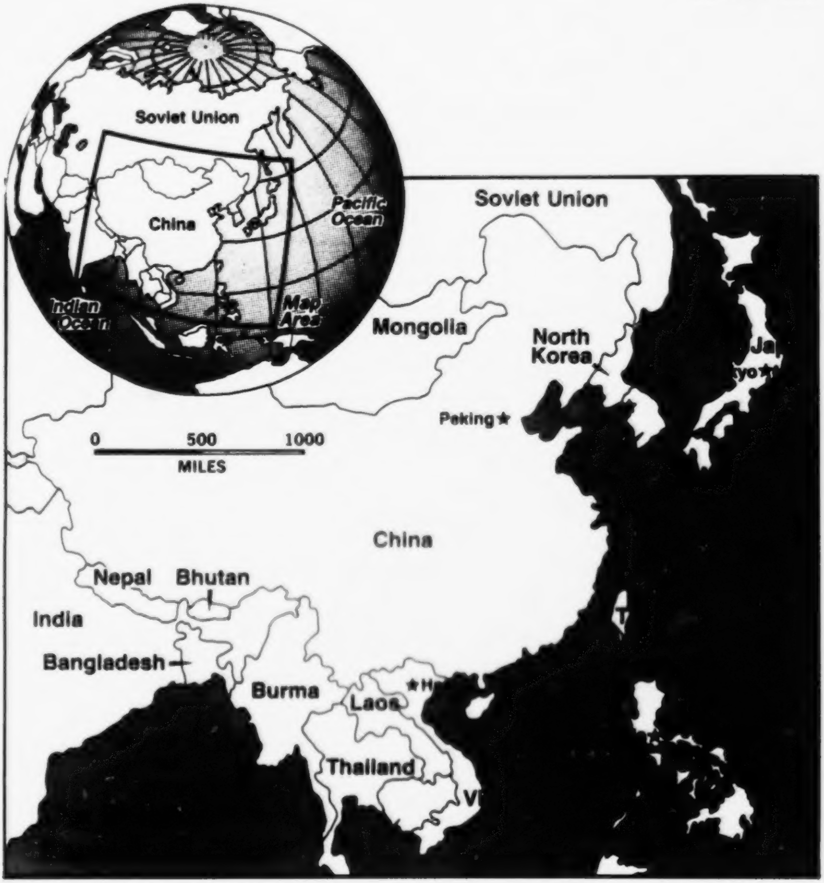
Background

The People's Republic of China

Communist Takeover (1949). During World War II, the Chinese Communist party led by Mao Zedong and the Kuomintang (Nationalist) party led by General Chiang Kai-shek put aside their bitter conflicts to fight together against the Japanese. But after Japan's defeat in 1945, the two parties resumed their civil war for control of China. With aid from the Soviet Union, the communists built a strong base of support in China's vast rural areas, where the peasants faced extreme poverty resulting from years of war and excessive rents to landowners. On October 1, 1949, the long struggle ended in a Communist victory. Mao and his assistant, Zhou Enlai, proclaimed the new People's Republic of China (P.R.C.).

Mao's philosophy—collected into what became known as "The Little Red Book"—formed the basis of the new political system. Central to his philosophy were economic goals to eliminate poverty and inequality among the masses through the redistribution of food, land, and other resources. Private ownership of property was eliminated almost totally. The government took over farms and factories and promised to share profits with the workers. Communist party officials were placed in charge of national, regional, and local levels of government. Chiang and many of his followers fled to the island of Taiwan, where they reestablished the Republic of China and claimed sovereignty over all of China.

Great Leap Forward. The first ten years of Communist rule produced some notable economic achievements but fell far short of meeting the people's needs. In 1958, Mao announced a massive new economic program known as the Great Leap Forward, intended to modernize Chinese agriculture and industry within a few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Laos
Thailand

years. The program was a disaster. It not only failed to reach its economic goals, but it also provoked unrest among the people.

Sino-Soviet Split. Throughout the 1950s, the Soviet Union sent advisors and financial aid to the P.R.C., and the two countries formed a powerful communist alliance. But conflicts arose over political ideology, foreign policy, and location of the Sino-Soviet border. Chinese leaders felt that the Soviet Union was not following the principles of communism and criticized the Soviets for improving relations with the West. China rejected the Soviet policy of "peaceful coexistence" with capitalist countries such as the United States, saying that armed conflict between capitalism and communism was inevitable. The Chinese were also angry when the Soviets broke a promise to help them develop nuclear weapons. The Soviet Union also refused to return disputed territory along the Sino-Soviet border that China claimed was taken under "unfair" treaties many years before. In August 1960, the Soviets withdrew their advisors and ceased their financial and technical aid. During the next ten years, the Sino-Soviet split became increasingly bitter.

Cultural Revolution (1966-76). By 1966, Mao and some of his close followers believed that large segments of the Chinese people and the Communist party had lost sight of the original goals and principles of the revolution. They proclaimed a Cultural Revolution to purge the Party and the population of "negative" attitudes and to fill the people with revolutionary fervor and ideas. Millions of students, professors, government bureaucrats, and industrial managers were sent to the countryside to farm the land and be reeducated "through labor." However, the Cultural Revolution proved even more disruptive than the Great Leap Forward. The Cultural Revolution split the Party and left the country on the verge of civil war.

Power Struggle Within the P.R.C. When Mao and Zhou died in 1976, a power struggle pitted Deng Xiaoping, a pragmatist and close ally of Zhou Enlai, against the so-called Gang of Four. The Gang of Four included Mao's widow, Jiang Qing, and other radicals within the Party who believed Deng was unfaithful to the principles of the 1949 revolution. After a brief period in power, the Gang of Four was purged from the Party, and in a much publicized trial late in 1980, the Gang of Four was convicted of crimes against the state. Deng Xiaoping emerged as the leader of China.

Changes in Economic Policy (1980-86). Although the overall structure and principles of socialism have remained intact, Deng and other leaders have altered Chinese economic policy radically in order to make rapid economic gains. They have initiated an "open door" policy with the West—particularly the United States—to increase trade and attract foreign investment in China. Deng calls his new economic policy "socialism with Chinese characteristics." He hopes to quadruple economic productivity by the year 2000 by modernizing Chinese agriculture and industry. To direct this rapid modernization, Deng has instituted a program of replacing China's aging leaders with *technocrats*—university-educated specialists who are trained more in economics and government management than in communist ideology.

To increase agricultural and industrial productivity, the Chinese are experimenting with capitalist concepts such as limited private property, free-market competition, the profit motive, and other material incentives. Chinese workers are encouraged to make money, and some have become rich. People welcome the increase in income, which enables them to buy "luxury" goods such as watches, refrigerators, and color television sets. These economic changes have resulted in strong industrial growth, record harvests, and a doubling of rural workers' incomes. However, this rapid economic transformation has brought with it what some Chinese call the "evil winds" of bribery and fraud. As some Chinese attempt to get rich quick, corruption has risen. Recently, Deng instituted policies to slow down China's "overheated" economy to prevent further expansion of corrupt practices.

Changing Chinese Consumers

Deng Xiaoping's economic reforms have altered the buying habits of the Chinese. The change is seen by comparing the best-selling consumer goods in China for 1978—the year Deng came to power—and today.

1978

1. Bicycles
2. Electric fans
3. Wrist watches
4. Sewing machines

1986

1. Color television sets
2. Cameras
3. Cassette tape recorders
4. Motorcycles

U.S. Policy

Opposition to Communist China. In the early years of the Cold War, the United States based its foreign policy on stopping the spread of communism wherever it appeared. For this reason, the United States supported Chiang Kai-shek during the Chinese civil war. Although his government was corrupt and undemocratic, Chiang was anticommunist. When Chiang lost the civil war, he fled to the island of Taiwan and established a government-in-exile called the Republic of China (R.O.C.). Chiang claimed that the R.O.C. was the rightful government of mainland China. The United States signed a treaty promising to defend the R.O.C. in case of attack and to send large amounts of military and economic aid. In addition, many American companies invested in the Taiwanese economy. Meanwhile, relations with the mainland were cold at best, reaching a low point during the Korean War (1950-53), when American and Chinese troops met in battle.

Over the next twenty years, Sino-American relations remained strained. The United States continued its nonrecognition of the People's Republic of China, and Chinese leaders were outspokenly anti-American. But by the late 1960s, relations between the Soviet Union and the P.R.C. reached a warlike state, and the Chinese began to look toward the United States as a possible ally. At the same time, the Chinese feared that the United States and the Soviet Union were moving toward an alliance and acted to head it off by inviting President Richard Nixon to Peking.

Nixon's Foreign Policy. In late 1971, the world was stunned when President Nixon announced he was going to the People's Republic of China. Nixon's trip was a historic occasion, the first friendly official contact between the two nations in three decades. Nixon's foreign policy was a radical departure for the United States. Realizing that China was becoming a major world power, Nixon felt that the United States could exploit the conflicts between the P.R.C. and the Soviet Union to the benefit of the United States. Nixon's visit gave China new status and prestige as a world power and set the stage for the Sino-American relationship that developed in the 1970s and 1980s.

The White House

President Jimmy Carter, shown here with Chinese leader Deng Xiaoping, normalized relations with the People's Republic of China in 1979. The United States regards the P.R.C. as an important economic and strategic ally.

U.S. Support for Taiwan. Relations continued to improve when President Gerald Ford went to China in 1975. In 1979, President Jimmy Carter normalized relations with China and invited Deng Xiaoping to visit the United States. After thirty years of official nonrecognition, the United States exchanged ambassadors with China and sought further cooperation in many fields. However, at the P.R.C.'s insistence, the United States broke official relations with the Taiwanese government—the Republic of China—and recognized the P.R.C. as the sole legitimate government of China.

Congress was upset about the way President Carter treated Taiwan—a former U.S. ally—and quickly passed the Taiwan Relations Act. Under this act, the United States promised to defend Taiwan from attack and pledged to continue selling defensive (but not offensive) weapons to the Taiwanese. Although disturbed by this pledge, the P.R.C. nevertheless agreed to accept it temporarily, provided the United States did not recognize two Chinas officially.

President Reagan's China Policy. During the 1980 presidential campaign, Ronald Reagan called for the renewal of formal relations with Taiwan. Since his election, however, President Reagan has avoided talking about Taiwan as the "true" China. Instead, he has embarked on a course to improve trade relations with the P.R.C. while maintaining Taiwan as a military ally. In 1984, President Reagan visited the P.R.C. and pledged to increase trade with the mainland. However, despite the Reagan administration's apparent optimism, Chinese leaders still view U.S. military aid to Taiwan as a major obstacle in relations between the United States and China.

Current Issues

Expanding the China Market. Since Marco Polo's famous expedition to China in the thirteenth century, the idea of trading with the Chinese has fascinated the Western world. The prospect of vast markets in the world's most populous country is no less intriguing in the twentieth century. The Chinese are also interested in trade. Deng Xiaoping has declared that an "open door" trade policy with the West is the only way to overcome the poverty, backwardness, and ignorance that China has created for itself through hundreds of years of isolation. To this end, he has sought to increase trade between China and the West. From 1979 to 1980, American exports to China doubled,

The Coca-Cola Company

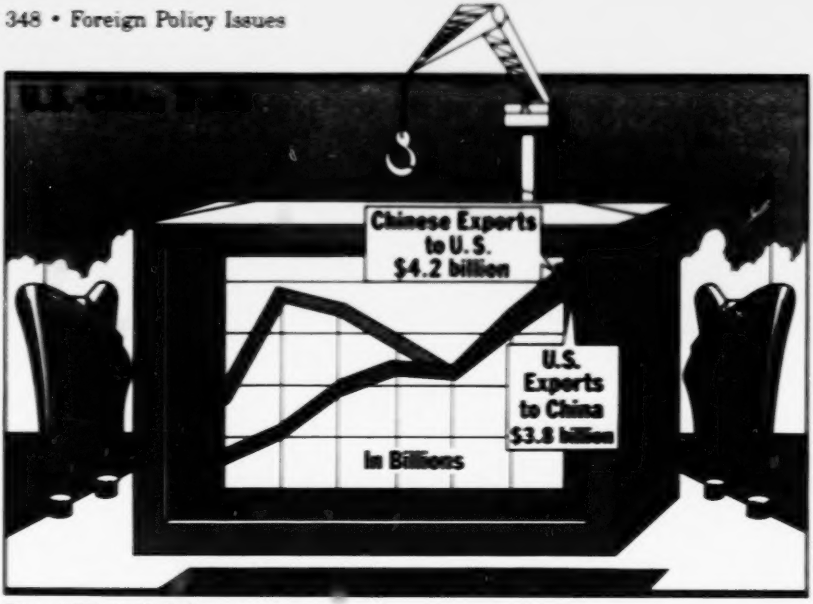
Many American companies are expanding their operations in the People's Republic of China. With more than a quarter of the world's population, the P.R.C. offers a lucrative market for American products.

and China surpassed the Soviet Union as the largest communist market of the United States. In 1985 alone, Sino-American trade topped $8 billion.

The Chinese export mostly clothing and textiles, oil products, art and antiques, and a small amount of metals such as tin and tungsten. The United States exports to China mostly food, fertilizer, and lumber. But the Chinese also buy millions of dollars' worth of aircraft parts, computers, oil-drilling equipment, and modern industrial machinery. To increase direct foreign investment in China, the government is putting an end to its traditional isolationism. It has recently allowed foreign businesses to invest in many coastal cities, has shortened the process for approving this investment, and has given overseas companies and their products more access to China's huge domestic market. Although both countries would like to expand trade and U.S. investment in China, serious problems between the two nations could prevent this from happening.

U.S. Protectionism. U.S. clothing manufacturers complain that Chinese imports cost less than American-made products because labor costs are so low in China. In response to these claims, the United States has imposed strict limits on the importation of Chinese textiles. Deng's government claims that these protectionist measures hurt economic growth in China. Recently, the Chinese boycotted American agricultural goods to protest the imposed textile limits. The Chinese government says that these limits cost thousands of jobs in China and asked the Reagan administration to resist any moves by Congress to restrict further trade with China.

U.S. Business Concerns. While American businesses see China as a great potential market, they also see some risk. An increased Western presence in China could provoke a cultural backlash against the United States and lead to nationalization or expulsion of American businesses. Another concern is that, despite its size of more than 1 billion people, the



Source: National Council for U.S.-China Trade

Since 1979, trade between the United States and China has increased steadily. The primary exports of the United States include grain, timber, and fertilizer. The Chinese export textiles, oil, and art.

Chinese market may not be profitable enough for U.S. companies. The average Chinese wage is less than $400 a year, and American goods may be simply too expensive for Chinese workers. While some American corporations must decide whether the potential benefits outweigh the investment risks, many already think they do. Companies with low-priced products, such as Coca-Cola, Camel cigarettes, and Gillette razor blades, have begun to sell their goods in China.

Nuclear Technology Trade. China's leaders are interested in building nuclear power plants, and many U.S. experts believe that supplying the Chinese with the materials to build them is potentially the most profitable area for U.S. companies. President Reagan tentatively agreed to a pact in 1984 in which the United States agreed to supply China with nuclear technology. But under U.S. law, any country that receives nuclear technology must sign a written promise stating that they will not use the technology for military purposes and that they will not pass the technology on to another country that does not have nuclear weapons. At first, the Chinese refused to sign the promise, although they did give verbal assurances that they would abide by U.S. demands. President Reagan believed that the verbal assurances of the Chinese were sufficient, and in 1985, the pact was signed and sent to Congress for approval.

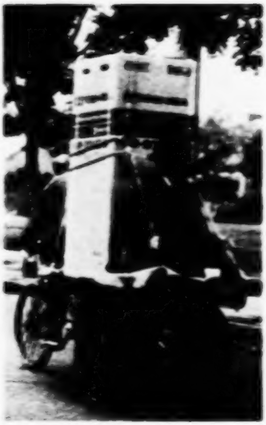
Congress denounced China's unwritten promises as unacceptable, claiming that the Chinese could not be trusted. The Senate attached a provision to the pact that would require China to certify publicly that it would not sell nuclear technology to other nations. The Chinese stated that any additions to the original agreement would not be acceptable and that this new provision could adversely affect other aspects of Sino-American trade. Only after President Reagan promised to monitor the pact did Congress drop the provision.

U.S. Arms Sales to the P.R.C. In 1984, the United States agreed to sell modern arms to the Chinese, including antiaircraft missiles, artillery equipment, and antitank weapons. Most U.S. and Chinese officials believe that these military sales will strengthen Sino-American ties and help to modernize the military forces of mainland China.

Supporters of this policy see military sales to China as part of a larger military strategy. They believe that if Chinese troops are better armed, the Soviets will have to concentrate a larger portion of their forces on the Sino-Soviet border, thus easing the Soviet presence in Europe. However, some U.S. military leaders are hesitant about providing advanced U.S. weapons to a communist nation. They fear that China again might reject the United States on ideological grounds and turn those same weapons against the United States or its allies. They also fear that China might use those weapons to recapture Taiwan.

The Issue of Taiwan. The Chinese state that good relations between the United States and China cannot last until the "two Chinas" issue is resolved. The Deng government wants the United States to push capitalist Taiwan into joining the P.R.C. Under Deng's "one country, two systems" approach, the Chinese have promised Taiwan that it would remain a special administrative region with its own military force. Taiwan rejects these offers, calling them a propaganda ploy. However, Deng and his advisors feel that if the U.S. government would apply more pressure on the Nationalists in Taiwan, the "two-Chinas" question would be answered once and for all.

The Reagan administration feels that it has an obligation to support the Nationalists and therefore continues to supply arms to Taiwan. Reagan policy makers state that the United States cannot motivate Taiwan to do anything it does not want to do and that the two nations must resolve their differences without the assistance or interference of the United States.



Sygma/J.P. Laffont

Under new economic policies begun by Deng Xiaoping, Chinese peasants are now able to purchase appliances and other modern conveniences. Most experts predict that the increased buying power of the Chinese will further open trade between industrialized nations and the P.R.C.

Outlook

Since President Carter formally recognized the People's Republic of China in 1979, the United States has been strengthening its economic and military ties with the P.R.C. The Reagan administration has continued in the same direction and is expanding U.S. trade with the Chinese even further. Deng Xiaoping's "second revolution" is helping Sino-American relations by opening China's doors even more to U.S. trade and investment. However, the future of Sino-American relations remains clouded. Chinese leaders have stated that they wish to remain independent and do not want the increase in Western trade to be taken as a sign that a permanent Sino-American alliance is in the future. Chinese leaders also state that U.S. military support of Taiwan remains a major stumbling block in Sino-American relations. Until this issue is resolved, Sino-American relations will progress slowly.

The Debate China

Should the United States Continue to Improve Relations With the P.R.C. Even at the Expense of Taiwan?

PRO

China is becoming the world's third superpower, and improved relations with the P.R.C. will benefit the United States. By becoming involved with China's modernization program, the United States can promote American interests in Chinese foreign and domestic policies. China is strategically located in Southeast Asia—bordering the Soviet Union and Vietnam—and could protect U.S. interests there. China's population of more than 1 billion people—a quarter of the world's total population—represents a huge potential market for U.S. businesses.

CON

The United States has little to gain by improving relations with the P.R.C. The aim of all communist nations is to control the world by promoting communist revolution. The Chinese are merely opportunists who will promote good relations with the United States only as long as they need American technology and investment. The Chinese have stated that they do not want a permanent alliance with the United States. When the United States is no longer useful to the Chinese, their government might threaten to take over U.S. businesses in the P.R.C.

Should the United States Expand Trade With the P.R.C.?

PRO

The United States needs a strong ally in Asia. Strong trade relations will help bring the United States and China closer together. In addition, the People's Republic of China, with a population of more than 1 billion, is a vast market for American industrial and agricultural exports. Trade with the P.R.C. can give a needed boost to the U.S. economy. Japan and European countries already have increased their trade with the Chinese. The United States should, too.

CON

The United States should be cautious about investing American dollars in the People's Republic of China. Because the average Chinese person makes less than $400 a year, few can afford American products. Also, the communist government might someday decide to seize American-owned property. The worst possible outcome of increasing trade with China would occur if the Chinese bought sophisticated computers, applied that technology to their weapons, and then threatened the United States or its allies.

The Debate, China

Continued

Should the United States Continue to Sell Arms to Taiwan?

PRO

It is morally wrong and politically unwise to cut off arms sales to Taiwan. The world image of the United States has been hurt seriously in recent years—the loss in Vietnam, Soviet and Cuban aggression in Africa, the fall of Iran, and now, the desertion of Taiwan. The United States must honor its commitments. Continued arms sales to Taiwan will demonstrate that the United States does not abandon its allies.

CON

Military sales to Taiwan harm Sino-American relations, and establishing good relations with the world's most populous country is far more important than selling weapons to Taiwan. Taiwan does not need the weapons. China has pledged not to invade Taiwan. The Taiwanese will continue to be important trade partners, and the United States has pledged to defend them in case of attack.

Should the United States Help Modernize the Armed Forces of Mainland China?

PRO

The United States should help modernize the Chinese military. China's huge army and nuclear forces pose a significant threat to the southern and eastern borders of the Soviet Union. If China's aging arsenal were updated, the Soviet Union would have to divert some of its military strength away from its European border. Supplying China with modern weapons also would demonstrate our good will and lead to stronger diplomatic and economic relations.

CON

Modernizing China's military with U.S. arms will not divert Soviet forces from Europe. The Soviet Union will respond by building up its military forces in East Asia. The Chinese might someday use their new weapons against the United States. Moreover, P.R.C. leaders are interested in more than just receiving U.S. weapons. They want U.S. weapons technology so they can produce modern weapons on their own. Those weapons eventually could be used to intimidate U.S. allies in Asia, including Taiwan.